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COMMISSION STAFF WORKING DOCUMENT

Statistical evaluation of irregularities reported for 2018: own resources, agriculture, cohesion and fisheries policies, pre-accession and direct expenditure

Accompanying the document

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

**30th Annual Report on the Protection of the European Union's financial interests - Fight
against fraud - 2018**

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Contents

1. Introduction	3
1.1. Scope of the document.....	3
1.2. Structure of the document	3
2. Traditional Own Resources	4
2.1. Introduction	4
2.2. General analysis –Trend analysis	4
2.2.1. Reporting years 2014-2018.....	4
2.2.1.1. Irregularities reported as fraudulent	5
2.2.1.2. Irregularities not reported as fraudulent.....	5
2.2.2. OWNRES data vs TOR collection	6
2.2.3. Recovery.....	7
2.2.3.1. Recovery rates	7
2.3. Specific analysis.....	8
2.3.1. Cases reported as fraudulent.....	8
2.3.1.1. Modus operandi.....	8
2.3.1.2. Method of detection of fraudulent cases	9
2.3.1.3. Smuggled cigarettes.....	10
2.3.1.4. Cases reported as fraudulent by amount	10
2.3.2. Irregularities not reported as fraudulent.....	11
2.3.2.1. Modus operandi.....	11
2.3.2.2. Method of detection of non-fraudulent cases	11
2.3.2.3. Solar panels vulnerable to irregularities – mutual assistance	13
2.3.2.4. Cases not reported as fraudulent by amount.....	13
2.4. Member States’ activities	13
2.4.1. Classification of cases as fraudulent and non-fraudulent and related rates	13
2.4.2. Recovery rates.....	14
2.4.2.1. Cases reported as fraudulent.....	14
2.4.2.2. Cases not reported as fraudulent	14
2.4.2.3. Historical recovery rate (HRR).....	15
2.4.3. Commission’s monitoring	15
2.4.3.1. Examination of the write-off reports.....	15
2.4.3.2. Commission’s inspections.....	15

2.4.3.3. Particular cases of Member State failure to recover TOR	16
3. Common Agricultural Policy (CAP).....	17
3.1. Introduction	17
3.2. General analysis	18
3.2.1. Irregularities reported 2014-2018	18
3.2.2. Irregularities reported as fraudulent	23
3.2.3. Irregularities not reported as fraudulent.....	26
3.3. Specific analysis.....	29
3.3.1. Modus operandi.....	29
3.3.1.1. Support to agriculture (SA)	29
3.3.1.2. Rural development (RD).....	31
3.3.2. Fraud and Irregularity Detection Rates by CAP components	33
3.3.3. Market measures – fraudulent and non-fraudulent irregularities	34
3.3.4. Reasons for performing control.....	34
3.3.4.1 Irregularities in relation to rural development	34
3.3.4.2 Irregularities in relation to market measures	35
3.3.4.3 Irregularities in relation to direct payments.....	36
3.4. Anti-fraud activities of Member States.....	37
3.4.1. Duration of irregularities.....	38
3.4.2. Detection of irregularities reported as fraudulent by Member State	38
3.4.2.1. Reported during the period 2014-2018	38
3.4.2.2. Reported in 2018	39
3.4.3. Fraud and Irregularity Detection by sector and Member State.....	40
3.4.3.1. Rural development.....	40
3.4.3.2. Market measures	44
3.4.3.3. Direct payments to farmers	47
3.4.3.4. Concentration by sector and type of irregularity	51
3.4.4. Ratio of established fraud / Dismissal ratio	52
3.5. Recovery cases	53

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. Their 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(5) 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 the 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 four sections, dedicated to shared, decentralised and centralised management modes.

The sections dedicated to shared management, cover agriculture, cohesion policy and fisheries and other internal policies. 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.

15 Annexes complement the information and data, providing a global overview of the irregularities reported according to the relevant sector regulations. Annexes 1 to 10 concern Traditional Own Resources, Annexes 11 to 14 complement information on the methodology for the analysis of irregularities concerning expenditure, Annex 15 covers all the expenditure sectors for which Member States and beneficiary countries have a reporting obligation.

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

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 (15 March 2019) and aims to provide an overview of the reported cases of fraud and irregularities reported for 2018 together with their financial impact.

2.2. General analysis –Trend analysis

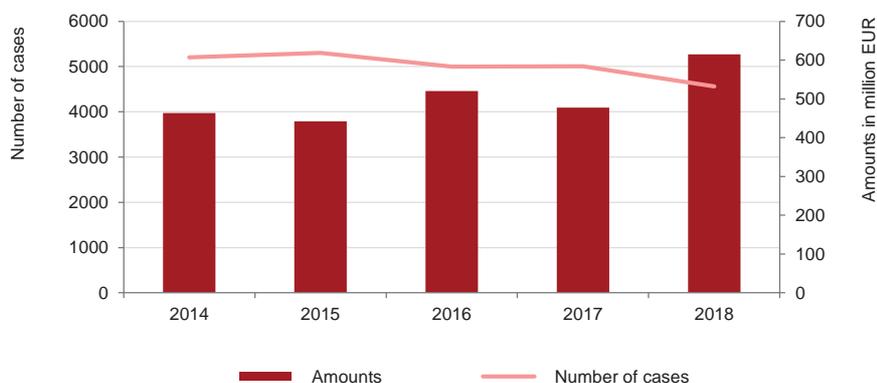
2.2.1. Reporting years 2014-2018

The number of irregularities reported as fraudulent and non-fraudulent via OWNRES for 2018 (4563) is about 11 % *lower* than the average number of cases reported for the 2014-2018 period (5139).

The total estimated and established amount of TOR involved (EUR 615 million) is about 22 % *higher* than the average estimated and established amount for years 2014-2018 (EUR 504 million).

In 2018, seven big³ cases for a total amount of about EUR 216 million⁴ were reported compared to 2017, when two big cases with a total amount of about EUR 37 million affected the total estimated and established amount. Luxemburg and Malta did not communicate any case exceeding an amount of EUR 10000.

CHART TORI: Total number of OWNRES cases and the related estimated and established amount (2014-2018)



Annex 1 of the summary tables shows the situation on the cut-off date (15 March 2019) for the years 2014-2018.

³ Cases with an amount of TOR exceeding EUR 10 million.

⁴ France (1 case –EUR 75 million), the Netherlands (2 cases – EUR 71 million), the UK (2 cases – EUR 42 million), Belgium (1 case – 17 million) and Germany (1 case – EUR 10 million).

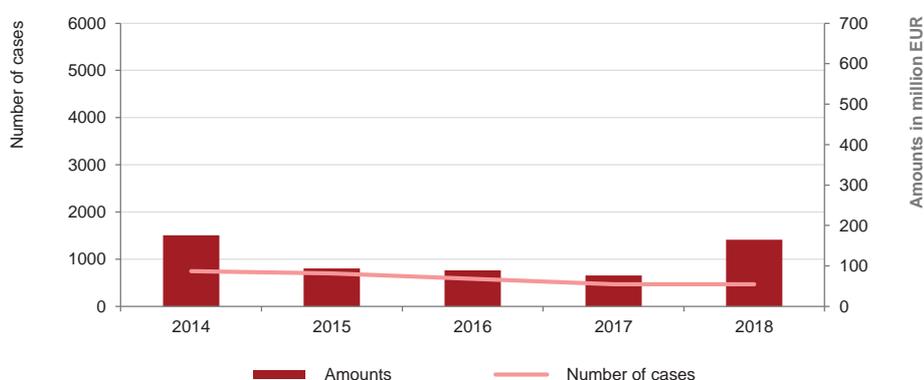
2.2.1.1. Irregularities reported as fraudulent

The number of cases reported as fraudulent registered in OWNRES for 2018 (473) is currently 20% *lower* than the average number of cases reported for the 2014-2018 period (594).

The total estimated and established amount of TOR involved (EUR 165 million) represents an increase of 37% of the average estimated and established amount for the years 2014-2018 (EUR 120 million).

For 2018, the Czech Republic, Luxemburg, and Malta 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 (2014-2018)



On the cut-off date (15 March 2019), 10% of all cases detected in 2018 were classified as fraudulent. The percentage increased slightly in comparison to 2017 (9,5 %).

Annex 2 of the summary tables shows the situation on the cut-off date for years 2014-2018.

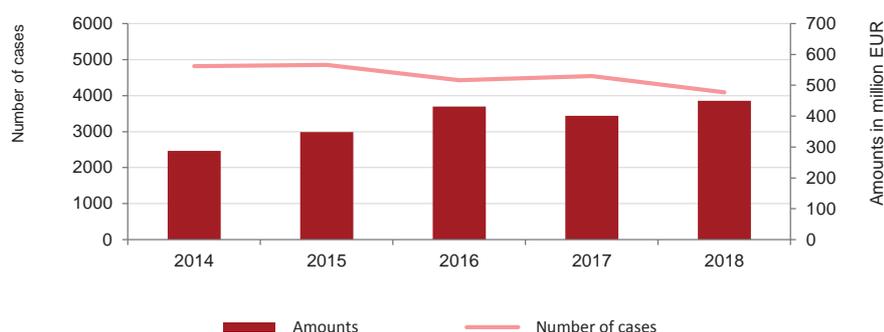
2.2.1.2. Irregularities not reported as fraudulent

At the same time, the number of cases not reported as fraudulent communicated via OWNRES for 2018 (4090) was 10% *lower* than the average number reported for 2014-2018 (4545).

The total estimated and established amount of TOR (EUR 450 million) was 17% *higher* than the average estimated and established amount for the years 2014-2018 (EUR 384 million).

Luxemburg and Malta did not report any case of irregularity exceeding an amount of EUR 10 000 for 2018.

CHART TOR3: OWNRES cases not reported as fraudulent and the related estimated and established amount (2014-2018)



Annex 3 of the summary tables shows the situation on the cut-off date for years 2014-2018.

2.2.2. OWNRES data vs TOR collection

In 2018, the total established amount of TOR (gross) was EUR 25.7 billion and about 98 % was duly recovered and made available to the Commission via the A-account. According to the OWNRES data, around EUR 615 million has been *established or estimated* by the Member States in connection with cases reported as fraudulent/non fraudulent where the amount at stake exceeds EUR 10000.

The total estimated and established amount reported in OWNRES represent 2.43 % of the total collected TOR (gross) amount in 2018.⁵ This proportion has increased compared with 2017 when it was 1.96 %⁶. A percentage of 2.43 % indicates that of every EUR 100 of TOR (gross) established, an amount of EUR 2.43 is registered as irregular (fraudulent or non-fraudulent) in OWNRES. There are differences among the Member States. In six Member States⁷, the percentage is above the average of 2.43 %. The highest percentage for 2018 can be seen in France, Lithuania and Portugal with 4.67 %, 4.49 % and 4.27 % respectively.

For the seven⁸ Member States which established and made available most of the TOR amounts, the average percentage of the estimated and established OWNRES amounts to established TOR for 2018 was equal to 2.66 %. In comparison with the previous year (2.02%), this represents an increase of 0,64%. For France, the proportion of estimated and established OWNRES amounts to established TOR increased in 2018 (4,67%) compared to the previous year (1,43%), while for the Netherlands it has increased from 2,62% to 4,18% and for Spain and Italy decreased by 2,53 % and 0,14 % respectively. For the other three Member States⁹, the average proportion of estimated and established OWNRES amounts to established TOR increased in 2018 (2,47 %) compared to the previous year (1,88 %).

⁵ See Annex 4.

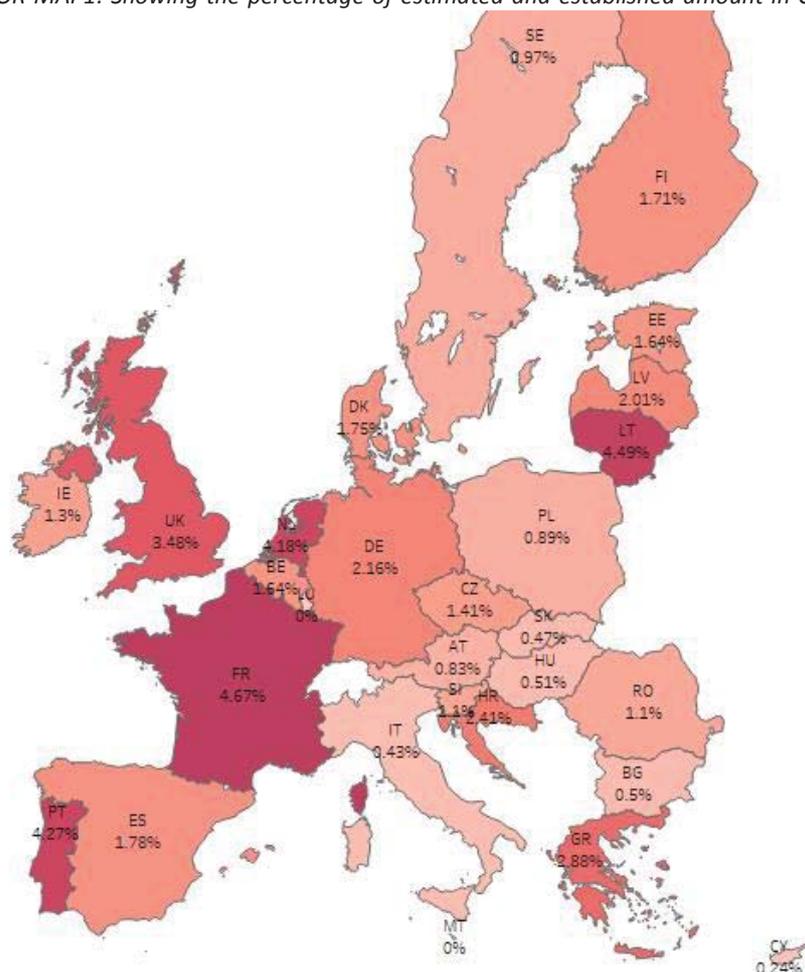
⁶ On the cut-off date.

⁷ Greece, France, Lithuania, the Netherlands, Portugal and the UK.

⁸ Belgium, Germany, Spain, France, Italy, the Netherlands and the UK.

⁹ Belgium, Germany and the UK.

TOR MAP1: Showing the percentage of estimated and established amount in OWNRES of established TOR for 2018



2.2.3. Recovery

The fraud and irregularity cases detected in 2018 correspond to an established amount of EUR 584 million¹⁰. Nearly EUR 225 million¹¹ of this was recovered in cases where an irregularity was found and EUR 95 million¹² in fraudulent cases. In total EUR 320 million was recovered by all Member States for all cases which were detected in 2018. In absolute figures, Germany recovered the highest amount in 2018 (EUR 85 million) followed by France (84 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.

In addition, Member States continued their recovery actions related to the detected cases of previous years.

2.2.3.1. Recovery rates

Over the past five years the annual recovery rate has varied between 48 % and 65 % (see CHART TOR4). The recovery rate for cases reported in 2018 is currently 55 %¹³. In other

¹⁰ The estimated amounts are excluded.

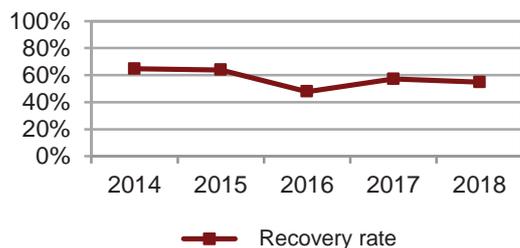
¹¹ See Annex 9.

¹² See Annex 9.

¹³ See Annex 5.

words, out of every amount over EUR 10 000 of duties established and reported for 2018 in OWNRES as irregular/fraudulent, approximately EUR 5 500 has already been paid.

CHART TOR4: Annual recovery rates (2014-2018)



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 2018 are in Slovenia (100%), Sweden (97%), Czech Republic (95%), Finland (93%), Hungary (91%), France (89%) and Austria (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 2018 will also go up in the future.

On the cut-off date (15 March 2019), the overall recovery rate for all years 1989-2018 was 63%.

2.3. Specific analysis

2.3.1. Cases reported as fraudulent

2.3.1.1. Modus operandi

A breakdown by types of fraud reveals that most fraudulent cases in 2018 relate to smuggling of goods, incorrect origin or country of dispatching, valuation or classification/misdescription.

In 2018, the customs procedure 'release for free circulation' remained the procedure most vulnerable to fraud (78% of the number of cases and 90% of the estimated and established amount). A total of 14% of all cases reported as fraudulent and 8% of all estimated and established amounts in OWNRES cases registered as fraudulent for 2018 fall under the category "Other".¹⁴ A total of 5% of all cases reported as fraudulent and 2% of all estimated and established amounts in OWNRES cases registered as fraudulent for 2018 involve the transit procedure.

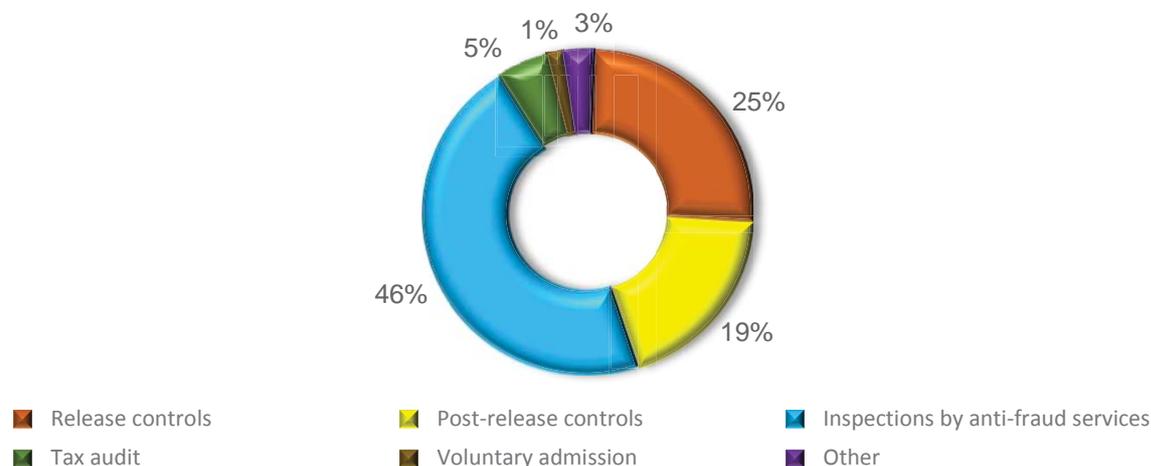
Of all cases reported as fraudulent about 74% concern such goods as tobacco, vehicles, electrical machinery and equipment, textiles, preparation of foodstuffs, articles of iron and steel and leather. In monetary terms those groups of goods represent about 77% of all amounts estimated and established for cases reported as fraudulent. China, Brazil, South Korea, Belarus, United States and United Arab Emirates are the most important - in monetary terms - countries of origin of goods affected by fraud.

¹⁴ 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, re-exportation, destruction and abandonment to the Exchequer.

2.3.1.2. Method of detection of fraudulent cases

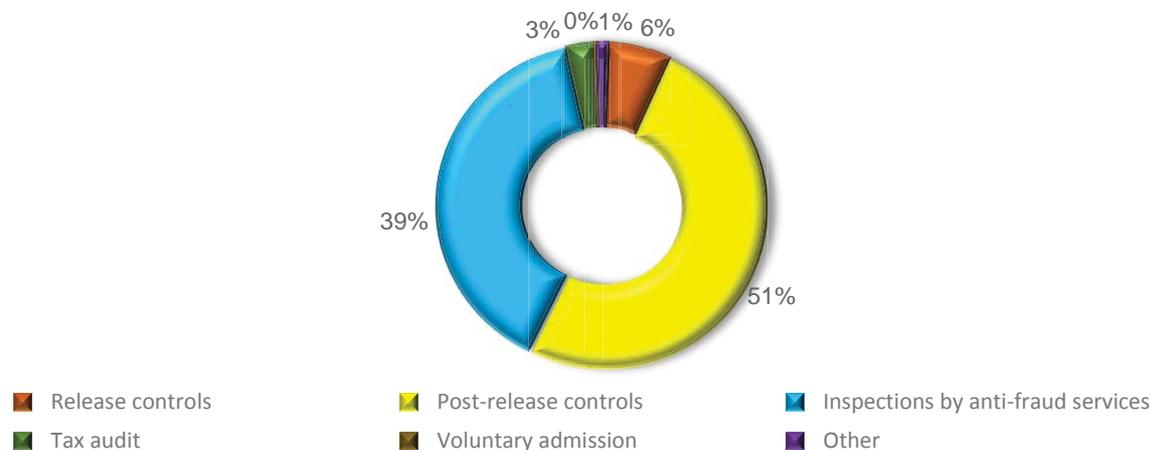
In 2018¹⁵, inspections by anti-fraud services (46 %) was the most successful method of detecting fraudulent cases followed by customs controls carried out at the time of releasing of goods (25 %) and post-release controls (19 %).

CHART TOR5: Method of detection 2018 – Cases reported as fraudulent – by number of cases



In monetary terms, of the EUR 165 million estimated or established in fraudulent cases registered for 2018, around 51 % were discovered during a post-release control, 39% during an inspection by anti-fraud services, 6% during a control at the time of release of the goods.

CHART TOR6: Method of detection 2018 – Cases reported as fraudulent – by estimated and established amount



In seven Member States more than 50% of all estimated and established amounts in fraudulent cases were detected by anti-fraud services¹⁶. As regards amounts, controls at the time of release of goods were the most important method for detecting fraudulent instances in Denmark, Estonia, Croatia, Latvia, Poland, Slovenia, Slovakia, Finland, Sweden and the United Kingdom whereas post-release controls were in Bulgaria, France, Hungary, the Netherlands and Portugal.

¹⁵ See Annexes 7 and 8.

¹⁶ Belgium, Germany, Ireland, Greece, Spain, Lithuania and Romania.

In Cyprus, 100 % of all estimated and established amounts in fraudulent cases were detected by an inspection by services or bodies other than customs.

2.3.1.3. Smuggled cigarettes

In 2018, there were 169 cases of smuggled cigarettes registered (CN code¹⁷ 24 02 20 90) involving estimated TOR of around EUR 20 million. In 2017 the number of cases of smuggled cigarettes was 173, totalling around EUR 25 million.

The highest number of cases was reported by the UK (30), Spain (26) and Lithuania (19). The highest amount was reported by Greece (EUR 4.7 million). No cases were reported by nine Member States¹⁸.

Table TOR1: Cases of smuggled cigarettes in 2018

TOR: Cases of smuggled cigarettes* in 2018		
MS	Cases	Established and estimated amount
	N	EUR
BE	5	2.914.764
BG	1	73.834
DE	7	334.529
EE	4	568.102
IE	9	1.468.085
EL	15	4.690.915
ES	26	2.172.336
FR	18	1.397.422
HR	2	264.959
IT	1	991.692
LV	7	779.838
LT	19	1.853.247
AT	1	30.643
PL	16	1.430.997
PT	1	51.144
SK	3	57.532
FI	3	66.719
SE	1	33.964
UK	30	1.148.881
Total	169	20.329.603

2.3.1.4. Cases reported as fraudulent by amount

In 2018, the estimated and established amount was below EUR 100 000 in 340 cases reported as fraudulent (72 % of all fraud cases), whereas it was above EUR 100 000 in 133 cases (28%).

The total estimated and established amount in cases reported as fraudulent, where the amount at stake was above EUR 100 000, amounted to EUR 153 million (93 % of the total estimated and established amount for cases reported as fraudulent).

¹⁷ Combined nomenclature or CN –nomenclature of the Common Customs Tariff.

¹⁸ Czech Republic, Denmark, Cyprus, Luxembourg, Hungary, Malta, the Netherlands, Romania and Slovenia.

Table TOR2: Cases reported as fraudulent by amount category in 2018

Amount, EUR	N	Estimated and established amount, EUR
< 100 000	340	11.826.806
>= 100 000	133	153.407.855
Total	473	165.234.662

2.3.2. Irregularities not reported as fraudulent

2.3.2.1. Modus operandi

A breakdown of irregularities by type of fraud shows that most cases of irregularity related to incorrect declarations (incorrect classification, customs value or incorrect use of preferential arrangements) and formal shortcomings (shortcomings in external transit 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, inward processing, 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 2018 most of the estimated and established amounts in OWNRES in the EU-28 (81 %) for cases reported as non-fraudulent related to the customs procedure ‘release for free circulation’.¹⁹ In all, 15% of all amounts estimated or established in cases not reported as fraudulent in 2018 involved inward processing. Other customs procedures are only marginally affected in 2018.

Of all cases reported as non-fraudulent about 50 % concern electrical machinery and equipment, vehicles, mechanical machinery and appliances, plastics, articles of iron and steel and textiles. In monetary terms those groups of goods represent about 64 % of all amounts estimated or established for cases reported as non-fraudulent. China, United States, Japan, Russia, India and Brazil are - in monetary terms – the most important countries of origin of goods affected by irregularities.

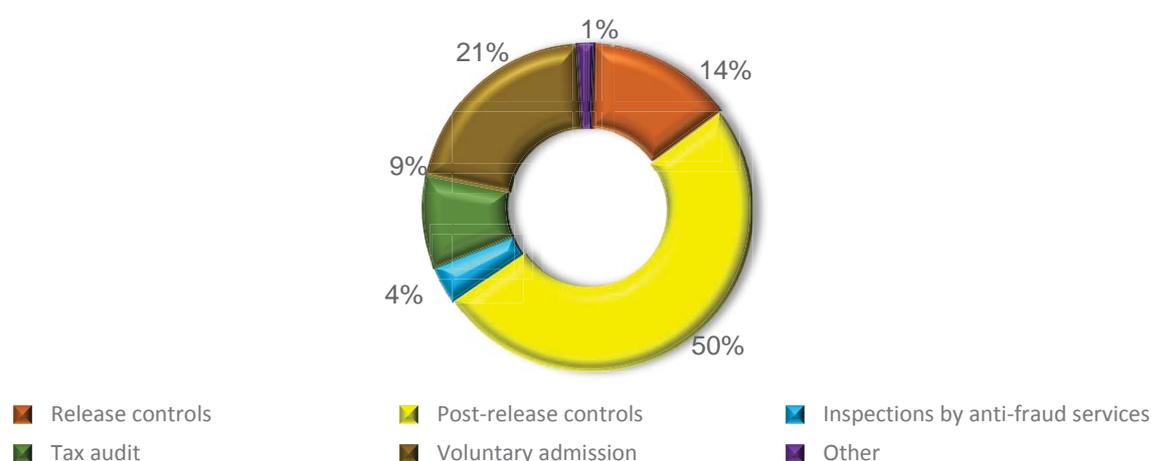
2.3.2.2. Method of detection of non-fraudulent cases

In 2018, most non-fraudulent cases (50%) were revealed during post-release customs controls. Other methods of detection for non-fraudulent cases that featured frequently were voluntary admission (21%), release controls (14%), tax audits (9%), followed by inspections by anti-fraud services (4%).²⁰

¹⁹ See Annex 6.

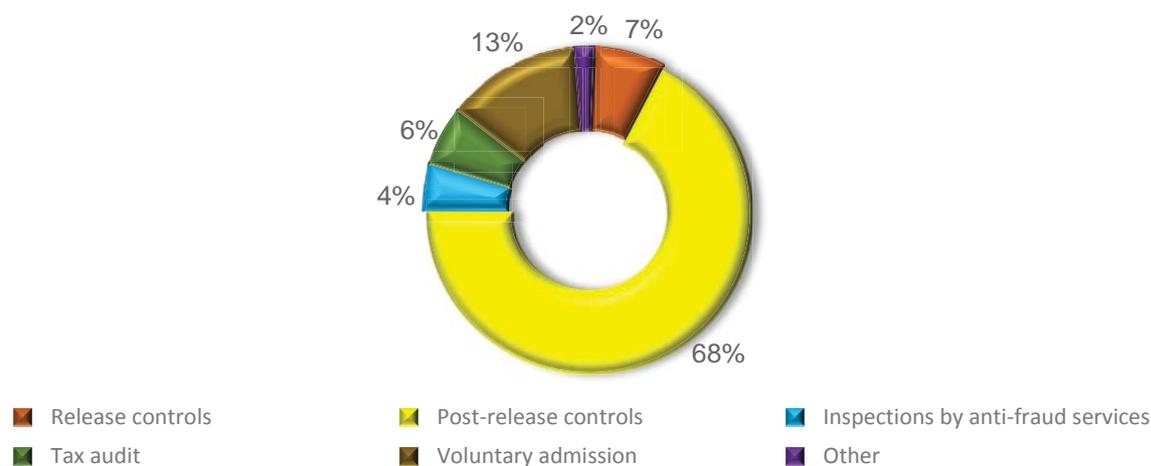
²⁰ See Annex 7 and 8.

CHART TOR7: Method of detection 2018 – Cases not reported as fraudulent – by number of cases



Considering the estimated or established amounts, around 68% of all irregularity cases registered for 2018 were discovered during a post-release control, 13% were related to voluntary admission, 7% to a control at the time of releasing the goods, whereas 6% related to a tax audit and 4% were found during an inspection by anti-fraud services.

CHART TOR8: Method of detection 2018 – Cases not reported as fraudulent – by estimated and established amounts



In 15 Member States, more than 50% of all non-fraudulent cases — in amounts — were detected by post-release controls.²¹ In Portugal, Romania and Slovakia more than 50% of the amounts relating to non-fraudulent cases were detected by anti-fraud services. Significant amounts were reported as non-fraudulent following voluntary admission by the United Kingdom (EUR 29 million) and Germany (EUR 16 million). In 15 Member States voluntary admission was keyed in as a method of detection of cases reported as non-fraudulent.

²¹ Bulgaria, Czech Republic, Germany, Estonia, Greece, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, the Netherlands, Austria, Sweden and the UK.

2.3.2.3. Solar panels vulnerable to irregularities – mutual assistance

In 2018, solar panels originating in China were especially vulnerable to non-fraudulent reported irregularities in monetary terms. About 29 % (EUR 128 million) of the total amount that was established in non-fraudulent irregularities concerned this type of goods. Incorrect classification/misdescription and incorrect country of origin or dispatching country were the main pattern of the infringement reported. The United Kingdom and the Netherlands were particularly affected by this type of goods and infringement. Another seven Member States reported also cases related to solar panels to a smaller extent²². Mutual Assistance notices issued by OLAF with regard to those goods in the previous years raised the Member States' attention and the need for customs controls on imports of solar panels. This underlines the importance of investigations conducted by OLAF in this particular field.

2.3.2.4. Cases not reported as fraudulent by amount

In 2018, the established amount was below EUR 100 000 in 3 586 non-fraudulent cases (88 % of all irregularity cases), whereas it was above EUR 100 000 in 504 cases (12 %).

The total estimated and established amount in non-fraudulent cases where the amount at stake was above EUR 100 000 amounted to EUR 359 million (80 % of the total estimated and established amount for non-fraudulent cases).

Table TOR3: Cases not reported as fraudulent by amount category in 2018

Amount, EUR	N	Estimated and established amount, EUR
< 100 000	3 584	91.078.619
>= 100 000	506	358.627.831
Total	4 090	449.706.450

2.4. Member States' activities

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

For 2018, Member States reported 473 cases as fraudulent out of a total of 4563 cases reported via OWNRES, which indicates a Fraud Frequency Level (FFL) of 10 %. The differences between Member States are relatively large. In 2018, 13 Member States categorised between 10-50 % of all cases reported as fraudulent. However, Czech Republic did not categorise any cases reported as fraudulent.²³ Eight Member States categorised less than 10 % of cases as fraudulent.²⁴ Four Member States registered more than 50 %²⁵ of cases as fraudulent.

²² Belgium, Germany, Spain, Italy, Hungary, Poland and Sweden.

²³ Luxembourg and Malta did not report any irregular case in 2018.

²⁴ Denmark (4 %), Germany (6 %), Hungary (9 %), the Netherlands (4 %), Austria (6%), Portugal (8%), Sweden (1%) and the UK (3%).

²⁵ Bulgaria (83 %), Greece (70 %), Croatia (75 %) and Slovenia (62 %).

In 2018, the total estimated and established amount affected by fraud in the EU was EUR 165 million and the Fraud Detection Rate (FDR) ²⁶ was 0.65 %. For 2018, the highest percentages can be seen in France (3.90 %), Greece (2.31 %) and Croatia (2.24 %).²⁷

The total estimated and established amount affected by cases not reported as fraudulent was more than EUR 450 million which indicates an Irregularity Detection Rate (IDR) ²⁸ of 1.78 %. The highest percentages can be seen in the Netherlands (4.10 %), Portugal (3.55 %) and the UK (3.45 %).²⁹

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 1989-2018 period, OWNRES shows that, on average, 22 % of the initially established amount was corrected (cancelled). The recovery rate (RR) for all years (1989-2018) is 41 %.³⁰ The RR for cases reported as fraudulent and detected in 2018 was 70 %³¹ mainly because of one large debt recovered by France and is significantly above the average rate of 39% for fraudulent cases for the 2014-2018 period.³² 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 36 % (1989-2018) 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 2018 is 50%.³³ On the cut-off date, the annual RR for the last five years has varied between 51% and 81%. The overall RR for all years (1989-2018) for all cases not reported as fraudulent is 72 %.³⁴

²⁶ The percentage that the total established and estimated amounts related to fraudulent cases represent on the total TOR collected by Member States.

²⁷ See Annex 4.

²⁸ The percentage that the total established and estimated amounts related to non-fraudulent cases represent on the total TOR collected by Member States.

²⁹ See Annex 4.

³⁰ This calculation is based on 18 999 cases, an established amount of EUR 2,25 billion (after already processed corrections) and a recovered amount of EUR 0,93 billion.

³¹ See Annex 9.

³² On the cut-off date, for years 2014-2018, the annual RR for fraud cases varied between 26 % and 70 %.

³³ See Annex 9.

³⁴ This calculation is based on 87 077 cases, an established amount of EUR 5,69 billion (after already processed corrections) and a recovered amount of EUR 4,07 billion.

2.4.2.3. Historical recovery rate (HRR)

The HRR³⁵ 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)

Irregularities	HRR 1989-2015
Reported as fraudulent	56,37 %
Reported as non-fraudulent	90,72 %
Total	81,64 %

2.4.3. Commission's monitoring

2.4.3.1. Examination of the write-off reports

In 2018, 12 Member States submitted 73 new write-off reports to the Commission. In 2018, the Commission assessed 188 cases totalling EUR 113 million. In 33 of these cases amounting to EUR 20 million³⁶, 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 2018, the general subject of inspection was the keeping of the separate account and the corrections of the normal account, with a specific emphasis on the written-off amounts

³⁵ The HRR expresses the recovery result in both complex and easy cases. Established and closed cases from 2015 onwards are therefore excluded, because these are predominantly easy cases (complex cases can generally not be closed within three years).

³⁶ See Annex 10.

between EUR 50.000 and EUR 100.000. "Control strategy in the field of customs value" and "Control of imports of solar panels" were the main inspection themes of the on-the-spot customs inspections by the Commission services in Member States.

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 release of goods to post-release customs controls. The customs controls before or at the time of release of goods remain however indispensable for addressing undervaluation and the detection of new types or patterns of fraud or irregularities.

The digitalisation of the global economy and new economic models like e-commerce is shifting the cross-border trade quickly from a few large/bulk shipments into a large number of low-value and small shipments.

With growing cross-border e-commerce the Member States' customs control strategies need to be adapted to the changing business models and trade patterns such as e-commerce which poses risks for the EU's financial interests and the effectiveness of the customs controls. Those risks are in particular related to abuse of the low-value consignment reliefs by undervaluation of e-commerce trade goods, by splitting consignments to be under the relief threshold, by importing of commercial consignments declared as gifts or by importing of goods ineligible for the relief.

A flexible combination of different controls is therefore needed to close any loophole exploited by fraudsters and to enable customs an effective protection of the EU' financial interests. Therefore, the customs controls strategy should be frequently reviewed taking into account recent detections or new risks and addressing the challenges of the global economy and new business models like e-commerce.

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

2.4.3.3. Particular cases of Member State failure to recover TOR

If TOR are not established or recovered because of an administrative error by a Member State, the Commission applies the principle of financial liability³⁷. Member States have been held financially liable in 2018 for over EUR 35 million³⁸, and new cases are being given appropriate follow-up.

³⁷ Case C-392/02 of 15/11/2005. These cases are typically identified on the basis of Articles 119 and 120 (administrative errors which could not reasonably have been detected by the person liable for payment) and 103(1) (time-barring resulting from Customs' inactivity) of the Union Customs Code or on the basis of non-observance by the customs administration of Articles of the Union Customs Code giving rise to legitimate expectations on the part of an operator.

³⁸ It includes customs duties (EUR 29,6 million) and interest (EUR 5,4 million).

PART II - EXPENDITURE

Sustainable growth: natural resources

The emphasis of the European Union's (EU) policy in this field is on 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 shared management.

For the purpose of this analysis, the Common Agricultural Policy (CAP) is split in two main parts:

- Direct support to agriculture (SA), through direct payments to farmers and measures to respond to market disturbances, such as private or public storage and export refunds, which are entirely financed by the European Agricultural Guarantee Fund (EAGF);
- Rural development programmes of the Member States (RD), which are mainly co-financed through the European Agricultural Fund for Rural Development (EAFRD).

The European Maritime and Fisheries Fund (EMFF) provides funding and technical support for initiatives that can make the fishery industry more sustainable. 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 also the financial resources available for this policy area. However, in light of their belonging to the European Structural and Investment Funds (ESIF) family, EFF and EMFF are treated together with the other structural funds. EAFRD and the EMFF are among the five ESIF which complement each other and seek to promote a growth and job based recovery in Europe.

Type of expenditure ⁽¹⁾	Management mode	Year 2018	
		Payments	% of total budget
		EUR million	%
Support to agriculture (SA)	Shared	44,122	30.5
Rural development (RD)	Shared	12,154	8.4
EMFF + EFF	Shared	557	0.4
TOTAL		56,833	39.3

(1) 'Support to agriculture' includes budget chapters 05.02 and 05.03. 'Rural development' includes budget chapter 05.04

3. COMMON AGRICULTURAL POLICY (CAP)

3.1. Introduction

For the last 50 years, the CAP has been the most important EU 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 European Commission (EC) is responsible for the management of the EAGF and the EAFRD. However, the EC 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 EC.

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 CAP sectorial regulations and vary from one sector to another.

The expenditure made by the paying agencies is then reimbursed by the EC 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 EC 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, giving the detail of the share devoted to market measures and direct payments to farmers.

Type of expenditure ⁽¹⁾	Management mode	Year 2018	
		Payments	% of total budget
		EUR million	%
SA: Intervention in agricultural markets	Shared	2,621	1.8
SA: Direct payments	Shared	41,502	28.7
RD: Rural development	Shared	12,154	8.4
TOTAL		56,276	38.9

(1) 'Intervention in agricultural markets' includes budget chapter 05.02. 'Direct payments' includes Budget chapter 05.03

3.2. General analysis

3.2.1. Irregularities reported 2014-2018

In general, Member States are requested to communicate irregularities with financial amounts involved above EUR 10 000. However, a number of cases with irregular financial amounts equal or below this threshold have been reported by several Member States. Table NR3 provides an overview by Member State. Furthermore, Member States reported cases with financial amounts involved equal to zero. This may be due to the fact that the competent national authority did not have enough information yet to quantify the irregular amounts involved. However, this should not be the case once the case is closed or expired. Table NR3 provides also an overview by Member State of the closed/expired cases, for which the national authorities have not mentioned the irregular financial amounts involved.

It is not clear why there are some Member States that reported many more *'below-the-threshold'* irregularities than others. It should be considered that an irregularity may consist of irregular or fraudulent operations which are interlinked and whose total financial impact exceeds EUR 10 000, even though each operation remains below the threshold.³⁹ In this case, a number of Member States may have chosen to report these irregularities separately, while other Member States may have combined them in one irregularity. Another explanation may relate to irregularities that were reported because the initial estimation of the irregular financial amounts involved exceeded EUR 10 000, but subsequent updates lowered these financial amounts below the threshold. Furthermore, about 30% of the *'below-the-threshold'* irregularities were still open at the cut-off date⁴⁰; the competent national authority might have decided to report them anyway, pending the exact quantification of the financial amount

³⁹ See Sections 8.1 and 9.3 of the *'Handbook on Reporting of Irregularities in shared management'*.

⁴⁰ Data for this analysis have been downloaded from the Irregularities Management System (IMS) on 15/3/2019.

involved. Other explanations may refer to mis-typing or mis-interpretation of the reporting rules.

Table NR3: Number of irregularities reported during 2014-2018 with a 'below-the-threshold' financial amount involved

Member State	Irregularities not reported as fraudulent		Irregularities reported as fraudulent	
	<= EUR 10000 ⁽¹⁾	EUR 0 ⁽²⁾	<= EUR 10000 ⁽¹⁾	EUR 0 ⁽²⁾
	N	N	N	N
AT	1	1	1	0
BE	3	2	0	0
BG	0	0	0	0
CY	0	0	0	0
CZ	12	0	9	0
DE	0	0	0	0
DK	3	0	2	1
EE	0	0	0	0
ES	30	1	3	0
FI	0	0	0	0
FR	20	31	0	0
GR	4	0	0	0
HR	0	0	1	0
HU	0	0	0	0
IE	9	9	16	0
IT	157	0	7	0
LT	63	10	1	0
LU	0	0	0	0
LV	1	0	1	0
MT	0	0	0	0
NL	41	12	4	1
PL	24	0	3	0
PT	0	0	2	0
RO	107	0	10	1
SE	3	0	1	0
SI	0	0	0	0
SK	0	0	2	0
UK	32	9	5	0
TOTAL	510	75	68	3

⁽¹⁾ Irregularities for which the financial amount involved was equal to or less than EUR 10000 (excluding irregularities for which the financial amount involved was 0)

⁽²⁾ Closed or expired irregularities for which the financial amount involved was 0

As shown by Table NR3, there were about 650 irregularities that taken separately were associated to a financial amount equal or below EUR 10 000, which represented less than 4% of all the relevant irregularities. In order to make use of all available information reported by the Member States, all these irregularities are considered in the analysis for this Report. However, Table NR3 provides the reader with additional information to put into context data about detections in different Member States.

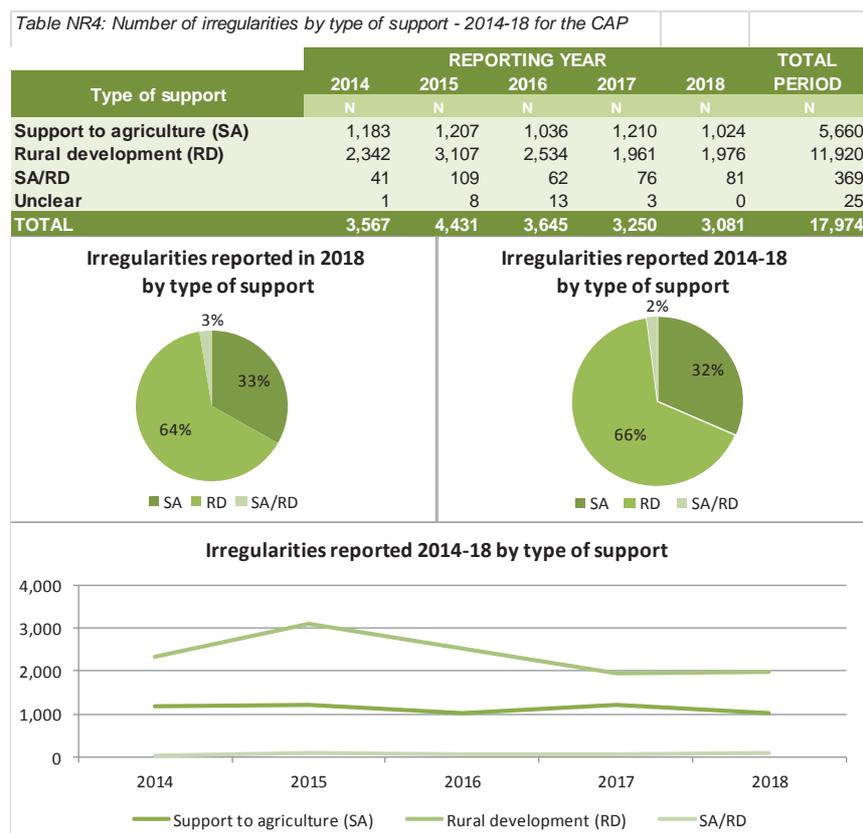
Table NR4 shows the number of irregularities (fraudulent and non-fraudulent) reported by the Member States for the period 2014-18 in relation to 'rural development' (RD) and direct 'support to agriculture' (SA). Cases are classified as:

- RD, where they concern only expenditure for rural development;
- SA, where they do not concern rural development expenditure. SA includes expenditure in relation to intervention in agricultural markets and direct payments to farmers;
- 'SA/RD', where they concern both types of expenditure (rural development and direct support to agriculture);

- 'Unclear', where information is not considered enough to classify the irregularity in any of the other categories.

Annex 11 provides a detailed explanation about the classification of cases.

When inputting a case into the Irregularities Management System (IMS), the contributor is requested to specify the currency in which the amounts are expressed. Where the value of this field is 'EUR' or the field has been left blank, no transformation is applied. Where this field has been filled with another currency, the financial amounts involved in the irregularity are transformed on the basis of the exchange rates published by the ECB at the beginning of 2019.



In 2018, the number of the irregularities related to CAP decreased by 5% (in comparison with 2017) and this brought them to the lowest level recorded during the last five years. The irregularities notified by a minority of Member States (Italy, Romania, Portugal, Spain, Bulgaria, France and Lithuania) represented more than 70% of the total number of the irregularities reported in 2018.

The two types of support (RD and SA) are provided following two different modes. SA follows an annual implementation, while RD finances programmes in a multiannual context, which resembles that of the ESI Funds. In fact, the trends of irregularities detected and reported in relation to RD and ESI Funds are similar and are influenced by the implementation modes. As a consequence, the irregularities related to RD noticeably increased until 2015, then declined at a rather constant and sustained pace during 2016-2017, before stabilising in 2108 (see the chart associated to Table NR4). Overall, the decrease from the 2015 peak has been about -36%. Following a different pattern, the irregularities affecting SA have been relatively stable over time, fluctuating between 1 000 and 1 200 reported cases.

Table NR5 provides information about the financial amounts involved in the cases considered in Table NR4.⁴¹ The trend of the financial amounts must be assessed while bearing in mind that it can be strongly influenced by single observations of significant value. During 2014-2018, cases which involved financial amounts over 1 million represented less than 1% in terms of numbers, but 32% in terms of amounts.⁴² 62% of these 'over 1 million' cases concerned RD, while 36% concerned SA. In such a context, where such a significant portion of the financial amounts is linked to a relatively low number of cases, fluctuations are more likely and should not be over-interpreted. However, the continuous growth of the financial value of irregularities related to RD until 2015 and the specular decrease thereafter were in line with the general trend of irregularities shown in Table NR4.

Table NR5: Financial amounts involved in reported irregularities by type of support - 2014-18 for the CAP

Type of support	REPORTING YEAR					TOTAL PERIOD
	2014	2015	2016	2017	2018	
	EUR	EUR	EUR	EUR	EUR	EUR
Support to agriculture (SA)	106,373,907	147,906,311	65,720,215	126,446,731	93,995,125	540,442,289
Rural development (RD)	133,802,389	204,998,061	168,680,314	132,696,189	124,109,297	764,286,250
SA/RD	2,531,787	4,708,418	4,730,188	5,487,945	9,176,616	26,634,954
Unclear	34,502	868,434	192,720	48,514	0	1,144,170
TOTAL	242,742,585	358,481,224	239,323,437	264,679,379	227,281,038	1,332,507,663

Amounts of irregularities reported in 2018 by type of support

Type of support	Percentage
SA	4%
RD	55%
SA/RD	41%

Amounts of irregularities reported 2014-18 by type of support

Type of support	Percentage
SA	2%
RD	57%
SA/RD	41%

Amounts of irregularities reported 2014-18 by type of support

Year	Support to agriculture (SA)	Rural development (RD)	SA/RD
2014	106,373.907	133,802.389	2,531.787
2015	147,906.311	204,998.061	4,708.418
2016	65,720.215	168,680.314	4,730.188
2017	126,446.731	132,696.189	5,487.945
2018	93,995.125	124,109.297	9,176.616

In 2018, the financial amounts involved in irregularities related to rural development accounted for about 55% of the total. However, one has to bear in mind that, in 2018, RD represented about 20% of the total resources devoted to the CAP. In fact, as in past years, the weight of the financial amounts involved in irregularities on payments⁴³ is very different between the two types of support, as it is 0.2% for SA and 1.4% for RD (0.5% on the overall 2018 CAP expenditure). This is consistent with the findings of the European Court of Auditors (ECA) referring to 2017, according to which payments made on an entitlement basis (including direct aid to farmers, which is the biggest part of SA) are not affected by a material level of error. According to ECA, direct payments to farmers have benefited from simplified land eligibility rules and an effective ex-ante control system (IACS) that allows automated

⁴¹ In this report, whenever financial amounts are mentioned with reference to reported cases, they refer to the financial amount of the irregularity and not of the overall related expenditure.

⁴² There were just 26 cases over EUR 3 million accounting for 21% of the financial amounts.

⁴³ For example, for RD this is calculated as (financial amounts of irregularities in RD)/(payments related to all RD projects during the same period of reference).

cross-checks between databases.⁴⁴ Payments made on a reimbursement basis (which include rural development) are affected by a higher level of error. See also Section 3.3.2.

In 2018, the financial amounts have decreased by 14% in comparison with 2017, which is more than the decrease in terms of numbers. During the overall period under consideration, SA financial amounts have been following a rather horizontal trend with ups and downs due to a few cases with exceptional amounts involved⁴⁵. Concerning RD financial amounts, in 2018, although the number of irregularities was stable, they continued on the declining path that had started after the 2015 peak, but at a slower pace. This translated in a slight decrease of the average financial amount (AFA) of RD irregularities, which has been broadly stable during 2015-2018. Considering the overall period 2014-2018, the AFA involved in SA cases was higher than in RD cases (+49%).

The AFA of the reported irregularities can be seen as an indicator of the detection capacity. Targeting the limited resources that are available for detection, investigation and (where relevant) prosecution on cases with a higher financial impact can be beneficial in terms of efficiency, recovery and deterrence.

As mentioned, trends are overly influenced by irregularities with exceptional financial amounts, and during 2014-2018 this was particularly the case for SA.⁴⁶ This had an obvious impact also on the trends related to AFAs. Graph NR1 shows these trends. The higher volatility related to SA is clear. In order to get a better grasp of the underlying dynamics, Graph NR1 shows also the SA and RD trends, net of irregularities with exceptional financial amounts involved.⁴⁷ After this 'filtering', the AFAs of RD and SA irregularities were broadly aligned during the period under consideration, with the exception of 2018. In this year, the AFA of SA irregularities significantly exceeded that of RD irregularities (+30%).

Most of the SA cases with exceptional financial amounts referred, at least in part, to market measures (MM).⁴⁸ In general, taking the whole period 2014-2018 together, when SA is considered net of all SA cases concerning market measures, its AFA is lower than that of RD cases. Consistently, the AFAs of SA, net of MM, basically overlap with AFAs of direct payments to farmers (DA), with the exception of 2015.⁴⁹

⁴⁴ European Court of Auditors, 'Annual Report on the implementation of the EU budget, concerning the financial year 2017', 2018/C 357/01, published on the 4th October 2018.

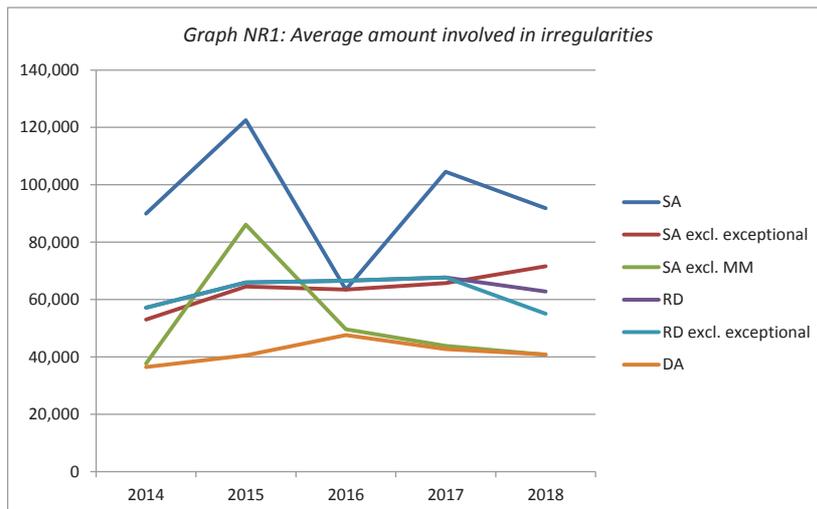
⁴⁵ In 2014 (2 irregularities), 2015 (3), 2017 (2) and 2018 (1). In this context, a financial amount is considered 'exceptional' where it exceeds EUR 10 million.

⁴⁶ In this context, a financial amount is considered 'exceptional' where it exceeds EUR 10 mn. During the period 2014-2018, there were between one and three cases each year (with the exception of 2016) impacting on SA.

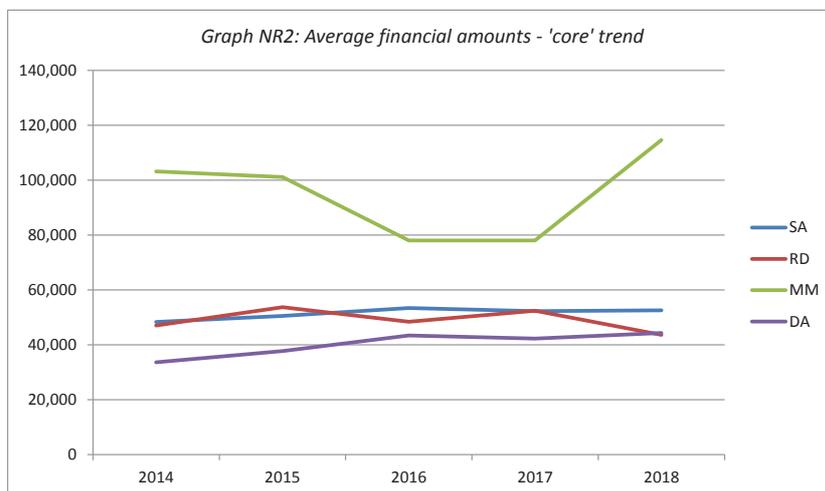
⁴⁷ For RD, only one irregularity in 2018 was excluded. As a result the line '*RD*' and '*RD excluding exceptional*' in Graph NR1 overlap during 2014-2017 and diverge in 2018.

⁴⁸ In 2015, Greece reported one SA 'exceptional' irregularity, but, strictly speaking, it has not been classified as 'market measure' for the purpose of this analysis, because it was related to the budget years 2003-2005 (see Annex 11 about the methodology applied to assign the irregularities to the different categories in the agriculture domain).

⁴⁹ The peak in 2015 for 'SA excl. MM' (see Graph NR1) is due to a case reported by Greece, which has not been classified as MM (see footnote 48 and methodology in Annex 11) but, in substance, that could be a market measure.



Given the above, in an attempt to isolate the 'core' trends, Graph NR2 show the SA, RD, MM and DA AFAs during the last five years, when the first and the last percentiles are excluded from the analysis⁵⁰.



Graph NR2 shows that irregularities including a market measure component recorded the highest AFA, which is increasing. The AFA of SA irregularities followed a rather stable trend, with a slight tendency to increase over time. The AFA of RD cases fluctuated around those of the SA cases, with a slight tendency to decrease. The difference was significant in 2018 (-20% for RD AFA), but considering past behaviour, it is not expected to be persistent. The lowest AFA was that related to irregularities with a DA component. However this average has been following an upward trend during 2014-2018.

3.2.2. Irregularities reported as fraudulent

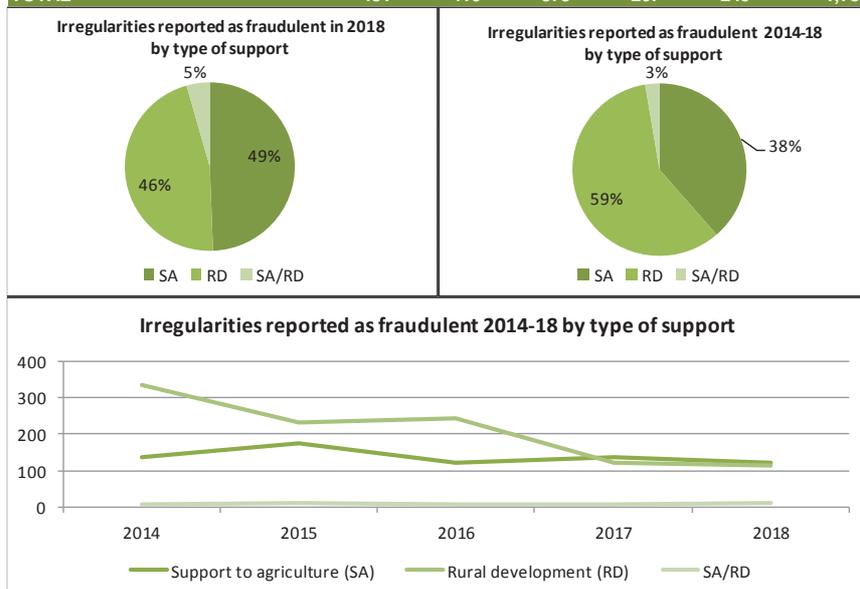
For the period 2014-18, Table NR6 provides an overview of the number of irregularities reported as fraudulent by the Member States in relation to the type of support concerned. After the significant decrease in 2017, the number of fraudulent irregularities was more stable (-7% in 2018 with respect to 2017). This was the result of moderate decreases in the number of both RD and SA irregularities.

⁵⁰ Only cases with financial amounts involved greater than EUR 10 000 are considered (about reporting of cases below the reporting threshold, see first part of this Section). The remaining cases reported in 2014-2018 were split by category (SA, RD, MM, DA) and then sorted by financial amount involved in the irregularity. Then, separately for each category, the largest (1%) and the smallest (1%) of these cases were excluded.

After three consecutive years during which the number of irregularities reported as fraudulent in relation to RD had largely exceeded the number of those reported for SA, in 2017 and 2018 they were broadly aligned. As a result, over the period 2014-2018, the number of RD irregularities reported as fraudulent was still higher than the number of SA ones, but the share of the total was just 59%. During 2014-2018, 47 cases concerned both RD and SA. In most of these cases, violations concerning RD were combined with violations concerning direct payments to farmers.

Table NR6: Number of irregularities reported as fraudulent by type of support - 2014-18 for the CAP

Type of support	REPORTING YEAR					TOTAL PERIOD
	2014	2015	2016	2017	2018	
	N	N	N	N	N	N
Support to agriculture (SA)	137	174	120	135	123	689
Rural development (RD)	336	232	244	122	115	1,049
SA/RD	8	10	9	9	11	47
Unclear	0	0	0	1	0	1
TOTAL	481	416	373	267	249	1,786

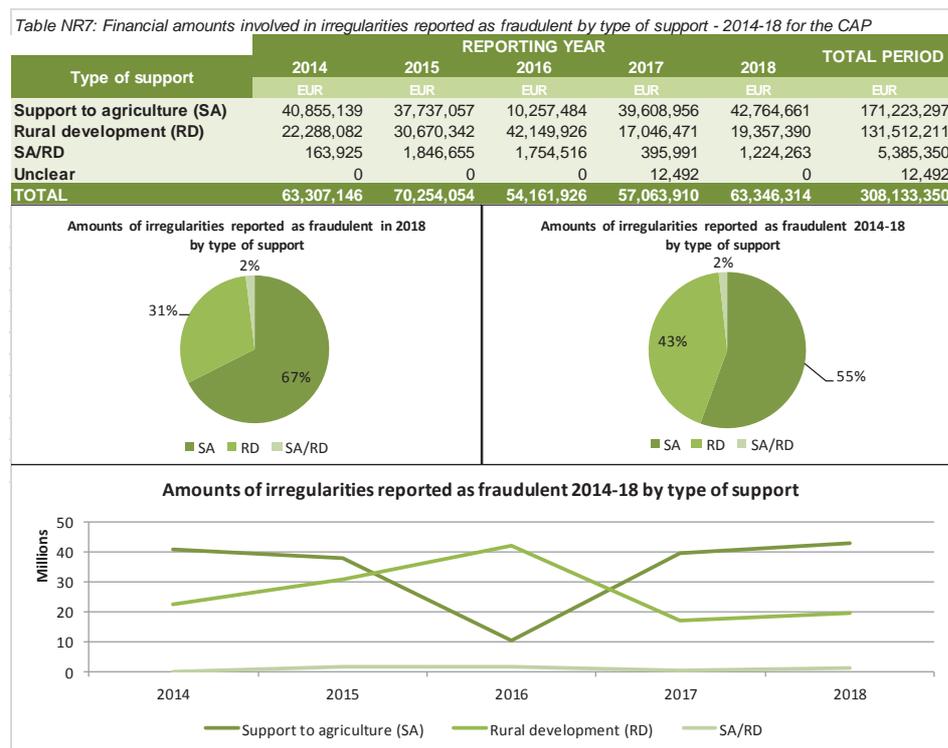


In 2018, the irregularities notified by the first two Member States (Romania and Italy) represented about 61% of the total number of irregularities reported as fraudulent. This concentration was much higher than in 2017 (about 54%) and in 2014 (about 52%). The first ten countries taken together reported 237 cases as fraudulent, which represented about 95% of the total (in 2017 the first ten countries accounted for about 89% and in 2014 about 93% of the total irregularities reported as fraudulent). Significant changes in the number of irregularities reported as fraudulent were recorded in Poland (decrease) and Romania (increase). Concentration of detections is analysed further in Section 3.4.3.1.

Table NR7 provides information about the financial amounts involved in the cases considered in Table NR6. Taking into account the whole 2014-18 period, financial amounts involved in SA cases were predominant (55% of the total amount). However, the share of the RD on the total (43%) was well above the share of the resources allocated to RD on the total of the CAP resources over the same period.

In 2018, the overall financial amounts rose by 11%. After the peak recorded in 2016, the financial amounts related to RD dropped in 2017 (-60%, similar to the number of cases) and remained broadly stable in 2018. The trend of the financial amounts related to SA was heavily influenced by the fact that in each of the years 2014 (Poland), 2015 (France), 2017 (Poland) and 2018 (Poland) one case worth between EUR 20 and 30 million was detected. These 'exceptional' irregularities were all referring to market measures. Net of these cases the

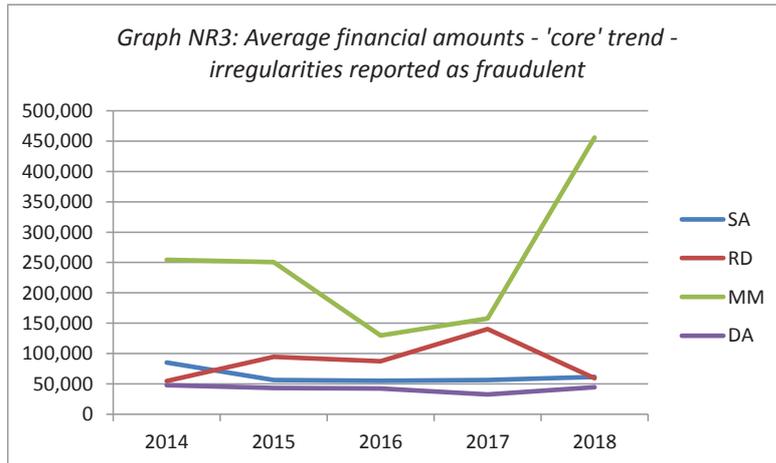
irregular financial amounts detected in relation to SA were more stable during 2014-2017, but still doubled in 2018.



Considering the overall period 2014-2018, the AFA involved in SA cases was double that for RD cases (+98%). As mentioned, this is mainly due to irregularities concerning market measures, where potential frauds with exceptional financial amounts happened to be reported.⁵¹ In fact, in 2016 such exceptional cases did not emerge and the AFA of SA fell below that of RD cases. 2018 is a special year: even net of the exceptional irregularity reported by Poland, the AFA of SA was higher than that of RD cases. Net of these exceptional cases, there was no clear pattern: the AFA of potential frauds in SA was still higher than that of RD cases in 2014 and 2018, but not in the period 2015-2017. When SA is considered net of all cases concerning market measures, the AFA is far lower than for RD cases.

Starting from the irregularities that have been selected in relation to Graph NR2, Graph NR3 shows the 'core' trend of the average financial amounts of the SA, RD, MM and DA irregularities reported as fraudulent during the last five years.

⁵¹ In this context, a financial amount is considered 'exceptional' where it exceeds EUR 10 million. In fact, the financial amounts involved in these cases were above EUR 20 million for each case.



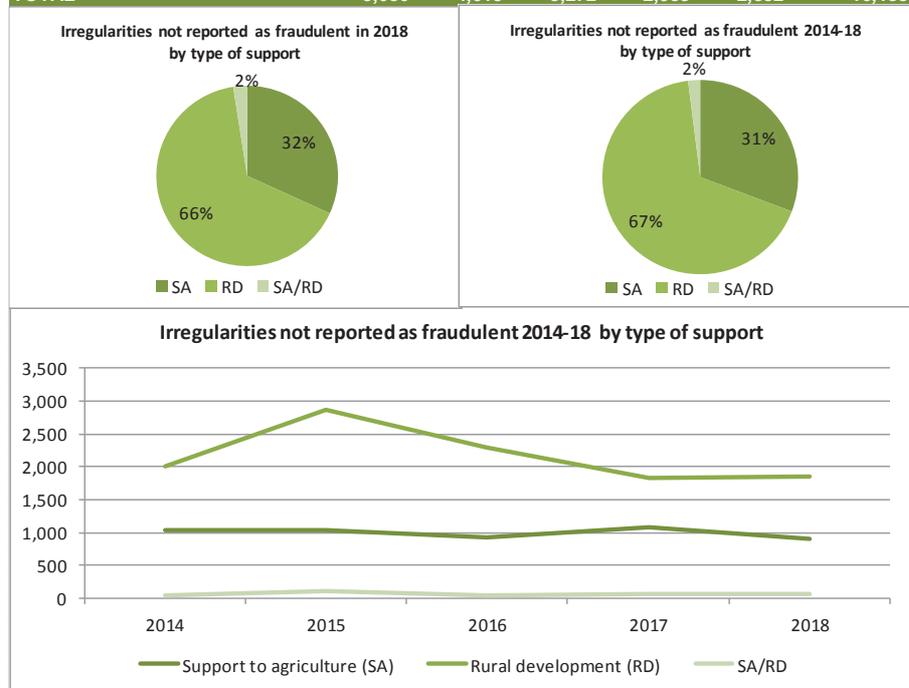
The AFAs for SA irregularities and for irregularities with a DA component were broadly stable and lower than for the other categories. The AFA for RD irregularities has been following a rising trend until 2017, but fell in 2018 to the level of SA and DA cases. The AFA of irregularities with a MM component, which are much higher than for the other categories, has been growing during the last 2 years.

3.2.3. Irregularities not reported as fraudulent

Regarding irregularities not reported as fraudulent, the number of those communicated in relation to RD has been constantly increasing until 2015, while that related to SA remained stable or recorded minor variations (see Table NR8). Also the irregular financial amounts linked to RD peaked in 2015 (as highlighted in Table NR9). The irregular financial amounts linked to SA fluctuated around an annual average of about EUR 70 million, with significant annual variations.

Table NR8: Number of irregularities not reported as fraudulent by type of support - 2014-18 for the CAP

Type of support	REPORTING YEAR					TOTAL
	2014	2015	2016	2017	2018	PERIOD
	N	N	N	N	N	N
Support to agriculture (SA)	1,046	1,033	916	1,075	901	4,971
Rural development (RD)	2,006	2,875	2,290	1,839	1,861	10,871
SA/RD	33	99	53	67	70	322
Unclear	1	8	13	2	0	24
TOTAL	3,086	4,015	3,272	2,983	2,832	16,188



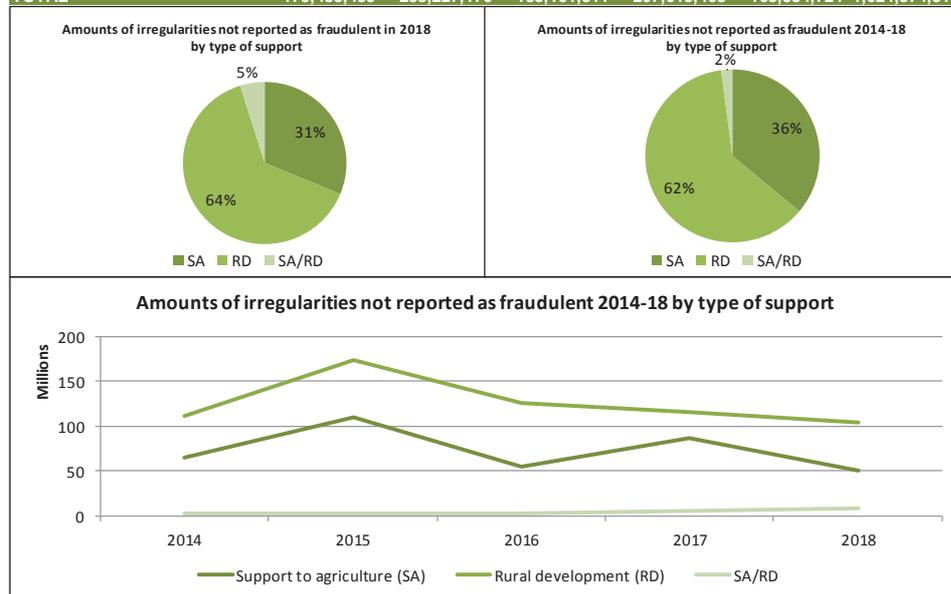
In terms of number of irregularities (Table NR8), RD has regularly and significantly exceeded SA across the whole 2014-2018 period, with the result that the number of irregularities linked to RD have been more than double those affecting SA.

In terms of financial amounts (Table NR9), after the peak in 2015, irregularities related to RD gradually decreased, while irregularities related to SA experienced significant changes of opposite signs. This was mainly due to the fact that in each of the years 2014 (France), 2015 (France, Greece) and 2017 (Romania) the Member States detected one or two cases with 'exceptional' financial amounts involved, something which did not happen in 2016 and 2018.⁵²

⁵² In this context, a financial amount is considered 'exceptional' where it exceeds EUR 10 million.

Table NR9: Financial amounts involved in irregularities not reported as fraudulent by type of support - 2014-18 for the CAP

Type of support	REPORTING YEAR					TOTAL PERIOD
	2014	2015	2016	2017	2018	EUR
	EUR	EUR	EUR	EUR	EUR	EUR
Support to agriculture (SA)	65,518,768	110,169,254	55,462,731	86,837,775	51,230,464	369,218,992
Rural development (RD)	111,514,307	174,327,719	126,530,388	115,649,718	104,751,906	632,774,038
SA/RD unclear	2,367,862	2,861,763	2,975,672	5,091,953	7,952,354	21,249,604
unclear	34,502	868,434	192,720	36,022	0	1,131,678
TOTAL	179,435,439	288,227,170	185,161,511	207,615,468	163,934,724	1,024,374,312

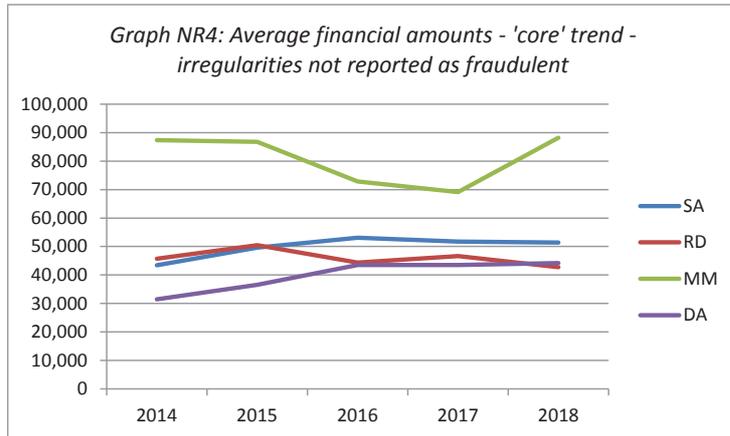


During 2014-2018, the AFA of RD cases was broadly flat, floating around EUR 60 000, which was the result of similar trends for numbers and financial amounts (see Tables NR8 and NR9). Considering the overall period 2014-2018, the AFA involved in SA cases was higher than in RD cases (+28%). This is mainly due to cases with 'exceptional' financial amounts, mostly concerning market measures.⁵³

Graph NR4 shows the 'core' trend of the AFA of the SA, RD, MM and DA irregularities not reported as fraudulent during the last five years. The highest AFAs were related to irregularities with a MM component. The AFAs related to the other categories were more aligned, with SA cases and cases with a DA component following an increasing 'core' trend (at least before 2017) and the opposite for RD cases.

It is interesting comparing AFAs of fraudulent and non-fraudulent irregularities. Apart from 2014, this difference was not significant for SA and DA irregularities. For RD irregularities instead, fraudulent cases had a significantly and increasingly higher AFA than non-fraudulent irregularities. This stopped abruptly in 2018. The AFAs of fraudulent irregularities with a MM component were constantly and significantly higher than those of the corresponding non-fraudulent irregularities. The difference decreased until 2016, but then started increasing in 2017 and accelerate in 2018.

⁵³ In this context, a financial amount is considered 'exceptional' where it exceeds EUR 10 million.



3.3. Specific analysis

3.3.1. *Modus operandi*

3.3.1.1. *Support to agriculture (SA)*

Table NR10 provides an overview of the most frequent categories (or combinations of categories) of irregularities linked to cases reported as fraudulent in relation to SA in 2018 and the financial amounts involved. It also presents how these most recurrent categories (or combinations of categories) featured in the period 2014-2018.⁵⁴

The most recurrent *modi operandi* were related to '*documentary proof*' or to the '*request*' (not combined with other categories of irregularity). Each category is subdivided in different types of violations (see Annex 12). With reference to these two categories, the most recurrent types concerned '*false or falsified documents*' or '*false or falsified request for aid*', both in 2018 and in the overall period 2014-2018.⁵⁵

Irregularities concerning '*Product, species and/or land*' (not combined with other categories of irregularity) were also quite recurrent. More specifically, in the overall period 2014-2018, most of these infringements concerned the type '*overdeclaration and/or declaration of fictitious product, species and/or land*', while in 2018 they concerned '*unauthorised use*'.⁵⁶

During 2014-2018, 57 irregularities were reported as pertaining to the category '*Ethics and integrity*' (not combined with other categories of irregularity). All of these violations were communicated by Poland and were not reported under the types '*conflict of interest*', '*bribery*' or '*corruption*', but as '*other irregularities concernig ethics and integrity*'. Most of these violations concerned the creation of artificial conditions for receiving financial support. Other Member States may have reported this type of infringement under other categories of irregularity. In 2018, the category '*Ethics and integrity*' appeared relatively often also in combination with other categories of irregularity. These cases were reported by Bulgaria and most of them were related to conflict of interest.

⁵⁴ For the full description of the categories of irregularities and the related types of violations, please see Annex 12.

⁵⁵ Most of the cases of '*false or falsified documents*' were detected in Romania, while Italy was the Member State with most detections of '*false or falsified request for aid*' (followed by Romania, considering the whole 2014-2018).

⁵⁶ The majority of the cases pertaining to the category '*Product, species and/or land*' reported during 2014-2018 were detected in Poland (followed by Romania). The Netherlands was the Member State with most detections of this kind in 2018.

Table NR10: Categories of irregularities reported as fraudulent in relation to support to agriculture

Code	Category of irregularity	Irregularities reported as fraudulent in 2018		Irregularities reported as fraudulent 2014-18	
		N	EUR	N	EUR
T14	Documentary proof	56	3,031,759	218	10,899,970
T11	Request	21	1,549,650	155	11,268,905
T15	Product, species and/or land	14	527,086	91	8,244,515
T19	Ethics and integrity	7	384,065	57	31,523,473
T12 T19 T16	Beneficiary / Ethics & Integrity / (non-)action	5	9,374,623	5	9,374,623
T16	(Non-)action	4	21,570,732	27	53,695,783
T11 T14	Request/Documentary proof	3	89,451	14	898,794
T12	Beneficiary	2	2,598,333	12	3,536,659
T11 T16	Request/(non-)action	2	107,183	10	1,059,144
T19 T12	Beneficiary / Ethics & Integrity	1	2,287,276	1	2,287,276
T13 T12 T19	Accounts and records/Beneficiary/Ethics & integrity	1	997,582	1	997,582
	ALL OTHERS	7	246,921	98	37,436,575
TOTAL		123	42,764,661	689	171,223,299

Table NR11 provides an overview of the most frequent categories (or combinations of categories) of irregularities linked to cases not reported as fraudulent in relation to SA in 2018 and the financial amounts involved. It also presents how these most recurrent categories (or combinations of categories) featured in the period 2014-2018.

When looking at these irregularities, violations concerning the 'request' were by far the most recurrent category. More specifically, the most recurrent type of violation, both in 2018 and 2014-2018, was by far 'false or falsified request for aid'⁵⁷, followed by 'incorrect or incomplete request for aid'⁵⁸ and 'Product, species, project and/or activity not eligible for aid'. Violations concerning the other category 'documentary proof' were also quite frequent and, considering the overall period 2014-2018, often related to the type of violation 'false or falsified documents' (about 190 cases in 2014-2018⁵⁹). However this reporting of cases of 'false or falsified documents' as non-fraudulent mostly happened in the past; in 2018 there were only 4 such cases.⁶⁰ For most of the SA irregularities not reported as fraudulent where the type of violation was 'false or falsified documents' or 'false or falsified request for aid' there were no ongoing penal proceedings.⁶¹

⁵⁷ Most of these cases were reported by Italy.

⁵⁸ Most of these cases were reported by Spain.

⁵⁹ Most of these cases were reported by Italy.

⁶⁰ The most recurrent type of irregularity within the 'Documentary proof' category was 'Documents incomplete', in 2018, and 'Documents missing and/or not provided' during 2014-2018

⁶¹ For a significant share of 'false or falsified request for aid' there were ongoing judicial proceedings. These irregularities were all reported by Italy.

Table NR11: Categories of irregularities not reported as fraudulent in relation to support to agriculture

Code	Category of irregularity	Irregularities not reported as fraudulent in 2018		Irregularities not reported as fraudulent 2014-18	
		N	EUR	N	EUR
T11	Request	279	12,988,812	1,274	66,683,313
T16	(Non-)action	158	15,547,869	777	85,288,957
T15	Product, species and/or land	116	3,359,952	919	31,540,784
T12	Beneficiary	89	2,062,663	307	11,281,616
T14	Documentary proof	76	4,893,751	654	43,900,645
T13	Accounts and records	14	557,225	82	3,470,223
T11 T14	Request/Documentary proof	15	882,341	75	5,813,222
T12 T16	Beneficiary/(Non-)action	10	551,243	56	4,062,918
T19	Ethics & integrity	8	147,876	87	2,252,519
T17 T13 T14	Movement/Accounts and records/Documentary proof	7	532,450	8	647,524
T11 T16	Request/(Non-)action	6	411,148	33	2,370,396
T11 T15	Request/Product, species and/or land	6	190,017	158	33,573,997
T14 T16	Documentary proof/(Non-)action	5	337,148	14	506,138
	ALL OTHERS	112	8,767,968	527	77,826,741
TOTAL		901	51,230,464	4,971	369,218,992

Three other prevalent categories of SA irregularities not reported as fraudulent were related to:

- '*(Non)action*'. In this area, the three most reported types pertained to the action itself (not implemented or not completed)⁶², and '*refusal to repay not spent or unduly paid amounts*'⁶³;
- '*Product, species and/or land*'. For this category, the majority of violations concerned '*Overdeclaration and/or declaration of fictitious product, species and/or land*'⁶⁴;
- '*Beneficiary*'. Here the most reported type of violation was '*Operator/beneficiary not having the required quality*'⁶⁵.

In relative terms, infringements related to '*Ethics and integrity*' were less frequent than for the irregularities reported as fraudulent. Apart from one case of conflict of interest⁶⁶, all of these violations were reported as '*other irregularities concerning ethics and integrity*'⁶⁷.

3.3.1.2. Rural development (RD)

Table NR12 provides an overview of the most frequent categories of irregularities reported as fraudulent in RD in 2018 and the related financial amounts. It also presents how these most recurrent categories have featured during the period 2014-2018.

In 2018 and in 2014-2018, the category '*documentary proof*' ranked first, with '*false or falsified documents*' as the most reported type of violation. Also with reference to the '*request*', which is another frequent category, the false-related type of irregularity ('*false or falsified request of aid*') was the most reported⁶⁸.

⁶² Most of these cases were detected by Italy, Portugal and Romania.

⁶³ Most of these cases were reported by Spain.

⁶⁴ Most of these cases were reported by Romania, followed, for the whole period 2014-2018, by Ireland.

⁶⁵ Most of these cases were detected by Lithuania, followed, for the whole period 2014-2018, by Romania.

⁶⁶ There was one additional case of conflict of interest in combination with other types of violation.

⁶⁷ Most of these violations were reported by Spain.

⁶⁸ The majority of these cases ('*false or falsified documents*' or '*false or falsified request of aid*') were detected in Romania.

Within the CAP, '*RD cases reported as fraudulent*' is the domain where the category *Ethics and integrity* ranked higher, with 141 irregularities in 2014-2018.⁶⁹ Similarly to SA cases, most of these violations were communicated by Poland and were not reported under the types '*conflict of interest*', '*bribery*' or '*corruption*', but as '*other irregularities concerning ethics and integrity*'. Most of these violations concerned the creation of artificial conditions for receiving financial support. Other Member States may have reported this type of infringement under other categories of irregularity, such as the one referring to the beneficiary. For this category (considered also in combination with other categories), the most reported type of violation was '*Operator/beneficiary not having the required quality*', which may have been used, especially for fraudulent irregularities, in relation to cases of creation of artificial conditions.

Table NR12: Categories of irregularities reported as fraudulent in relation to rural development

Code	Category of irregularity	Irregularities reported as fraudulent in 2018		Irregularities reported as fraudulent 2014-18	
		N	EUR	N	EUR
T14	Documentary proof	69	3,020,445	242	22,780,040
T19	Ethics & integrity	8	209,501	141	10,980,498
T16	(Non-)action	7	145,624	93	12,988,570
T11	Request	6	364,535	76	12,165,739
T12	Beneficiary	6	331,374	72	6,893,195
T11 T14	Request/Documentary proof	3	668,975	23	1,596,622
T11 T16 T14	Request/(Non-)actionDocumentary proof	1	121,619	8	822,264
T13	Accounts and records	1	29,875	14	820,729
T15	Product, species and/or land	1	265,244	37	1,079,711
T40	Public procurement	1	98,715	6	1,784,387
	ALL OTHERS	12	14,101,485	337	59,600,459
TOTAL		115	19,357,392	1,049	131,512,214

Table NR13 provides an overview of the most frequent categories of irregularities not reported as fraudulent in RD in 2018 and the related financial amounts. It also presents how these most recurrent categories have featured during the period 2014-2018.

When looking at these irregularities, the most frequently detected category was related to '*non-action*' (including '*action not completed*'⁷⁰, '*action not implemented*'⁷¹ or '*failure to respect deadlines*'⁷² among the most reported types of violation). This category ranked high also in relation to irregularities reported as fraudulent (see Table NR12).

'*(Non-)action*' was followed by '*documentary proof*' representing about 10% of the non-fraudulent cases in 2018 (including '*Documents missing and/or not provided*' as the most reported type of violation). During 2014-2018, a number of '*documentary proof*' cases (48) concerned the '*false and/or falsified documents*' type of violation.⁷³ The same applies to the category '*request*', where a number of cases (16) were related to the '*false or falsified request of aid*' type of violation.⁷⁴

⁶⁹ Only one case was reported as corruption.

⁷⁰ Most of the cases were detected in Portugal and Italy.

⁷¹ The majority of the cases were detected in Bulgaria and Greece.

⁷² Most of the cases were detected in Portugal.

⁷³ There were additional cases where the violation '*false or falsified documents*' was combined with other types of violation. The same applies to the violation '*false or falsified request of aid*'. Overall, for most of the RD irregularities not reported as fraudulent where the types of violation '*false or falsified documents*' or '*false or falsified request for aid*' were mentioned, there were no ongoing penal proceedings.

⁷⁴ Italy reported many of these non-fraudulent cases where the type of violation refers to '*false or falsified request for aid*' or '*false or falsified documents*'.

In relative terms, the category *Beneficiary* is more frequent among RD cases not reported as fraudulent than in other CAP areas (about 9% of cases in 2018 and 8.5% in the overall 2014-2018). Within this category, '*Operator/beneficiary not having the required quality*' is the most reported type of violation⁷⁵.

Apart from one case of conflict of interest⁷⁶, infringements related to '*Ethics and integrity*' were reported as '*other irregularities concerning ethics and integrity*'. Most of these irregularities were reported by Spain.

Table NR13: Categories of irregularities non reported as fraudulent in relation to rural development

Code	Category of irregularity	Irregularities not reported as fraudulent in 2018		Irregularities not reported as fraudulent 2014-18	
		N	EUR	N	EUR
T16	(Non-)action	946	39,503,524	4,001	196,220,264
T14	Documentary proof	194	8,978,046	1,405	72,624,512
T12	Beneficiary	175	7,867,352	928	58,365,466
T15	Product, species and/or land	111	3,607,132	883	29,338,288
T11	Request	102	5,259,223	859	54,493,766
T12 T16	Beneficiary/(Non-)action	63	1,644,037	375	16,417,172
T40	Public procurement	53	4,582,955	189	15,072,956
T19	Ethics & integrity	46	2,027,491	214	25,016,047
T14 T16	Documentary proof/(Non-)action	26	1,719,195	163	11,222,702
T18	Bankruptcy	16	2,252,178	86	12,423,667
T16 T18	(Non-)action/Bankruptcy	12	1,355,696	27	3,134,531
	ALL OTHERS	117	25,955,080	1,741	138,444,669
TOTAL		1,861	104,751,909	10,871	632,774,040

3.3.2. Fraud and Irregularity Detection Rates by CAP components

Via its two funds (EAGF and EAFRD) the CAP supports agriculture and rural development across Europe. The EAGF itself has two components with different aims: measures regulating or supporting agricultural markets (insoforth, referred to as 'intervention in agricultural markets' or 'market measures') and direct payments to farmers. Annex 11 provides a detailed explanation about the classification, for the purpose of this analysis, in these two categories of the cases reported by the Member States.

Table NR14 shows the Fraud Detection Rate (FDR) and the Irregularity Detection Rate (IDR) per type of policy measure.

Table NR14: FDR and IDR by type of CAP expenditure

Type of expenditure (1)	Irregularities detected and reported 2014-2018 / Payments 2014-2018		
	FDR	IDR	Total
Direct payments	0.01%	0.07%	0.1%
Intervention in agricultural markets	1.07%	1.37%	2.4%
Rural development	0.23%	1.13%	1.4%
Total	0.11%	0.37%	0.5%

(1) See Annex 13, for an analysis of the impact of 'mixed' or unclear case

The same case may cover several budget posts referring to different types of expenditure. In Annex 13, a detailed explanation of this issue and how it has been handled in estimating these FDR/IDR can be found.

As mentioned in Section 3.2.2, the financial amounts involved in irregularities reported as fraudulent concerning market measures were heavily influenced by few exceptional cases.⁷⁷

⁷⁵ Most of the cases were detected in Poland and Lithuania.

⁷⁶ There were three additional cases of conflict of interest in combination with other types of violation.

⁷⁷ In this context, a financial amount is considered 'exceptional' where it exceeds EUR 10 million.

Net of these cases, the FDR for market measures would be 0.37% rather than 1.07%. Similarly, excluding the few (3) 'exceptional' non fraudulent irregularities, the IDR would be 1.04% rather than 1.37%.

3.3.3. Market measures – fraudulent and non-fraudulent irregularities

As showed in Table NR14, market measures feature high FDR and IDR. Table NR15 shows the frequency and financial amounts of irregularities reported as fraudulent in relation to market measures for the period 2014-2018, while Table NR16 shows the same data with reference to irregularities not reported as fraudulent.

Table NR15: Number of irregularities reported as fraudulent in relation to market measures

Market measure	Irregularities reported as fraudulent 2014-18	
	N	EUR
Products of the wine-growing sector	72	9,046,324
Fruits and vegetables	57	96,253,428
Sugar Restructuring Fund	15	6,005,005
Promotion	12	15,396,938
Milk and milk products	9	332,272
Pigmeat, eggs and poultry, bee-keeping and other animal products	1	21,189,379
Olive oil	1	1,203,346
Other plant products/measures	1	32,084
Rice	1	857
TOTAL	169	149,459,633

Table NR16: Number of irregularities not reported as fraudulent in relation to market measures

Market measure	Irregularities reported as fraudulent 2014-18	
	N	EUR
Products of the wine-growing sector	954	58,646,785
Fruits and vegetables	423	44,649,401
Other plant products/measures	76	5,445,234
Sugar Restructuring Fund	50	7,615,802
Promotion	27	2,219,121
Pigmeat, eggs and poultry, bee-keeping and other animal products	23	28,244,509
Milk and milk products	20	719,093
Olive oil	19	524,670
Food programmes	10	33,720,231
Sugar	7	8,552,178
Beef and veal	7	128,577
Textile plants	1	18,992
Sheepmeat and goatmeat	1	15,828
Refunds on non-Annex 1 products	1	11,457
TOTAL	1,619	190,511,877

The category '*products of the wine-growing sector*' was the most recurrent, but '*fruit and vegetables*' was the one with the highest financial amounts, in particular due to the high AFA of cases reported as fraudulent. Other categories with high AFA were '*Pigmeat, eggs and poultry, bee-keeping and other animal products*', '*Food programmes*' (for cases not reported as fraudulent), '*Sugar*' (for cases not reported as fraudulent) and '*Promotion*' (for cases reported as fraudulent).

3.3.4. Reasons for performing control

3.3.4.1 Irregularities in relation to rural development

In the context of the antifraud cycle, the detection capability is a key feature, which contributes to the effectiveness and efficiency of the system for the protection of the EU budget.

In last year's Report, an analysis of the 'reasons for performing control' was introduced and led to the recommendation to further exploit the potential of risk analysis, tailoring the

approach to the different types of expenditure and taking advantage of best practices and the risk elements highlighted in that Report. Furthermore, it was recommended to facilitate and assess the spontaneous reporting of potential irregularities and strengthen the protection of whistle-blowers that are also a crucial source for investigative journalism.

Tables NR17-NR22 suggest that so far there has been little improvement on the ground. However, as last year's Report was adopted at the beginning of September 2018, it may be too early to draw any conclusion. Effective evolution from reactive to proactive detections based on risk analysis may take time.

With a focus on controls that led to discover irregularities reported as fraudulent in RD, Table NR17 provides information on the number of controls that were performed because of reasons that can be linked to the above mentioned recommendations. It compares the situation until 2017 with the situation in 2018. In the last year, Member States did not detect any irregularity on the basis of risk analysis or information published by the media.⁷⁸ The share of irregularities detected following tips slightly increased from 6% to 7%.

Table NR 17

Reason for performing control	Irregularities reported as fraudulent - Rural development					
	2014-2017			2018		
	N.	%	EUR	N.	%	EUR
Risk analysis	26	2.78	4,507,199	0	0.00	0
Comparison of data	9	0.96	916,106	0	0.00	0
Probability checks	3	0.32	63,977	0	0.00	0
Statistical analysis	0	0.00	0	0	0.00	0
Tip from informant, whistle-blower etc.	56	6.00	5,002,139	8	6.96	873,391
Information published in the media	4	0.43	1,245,903	0	0.00	0
Total (1)	934		112,154,821	115		19,357,390

(1) Total number of irregularities classified as RD (rural development) and reported as fraudulent

With a focus on controls that led to discover irregularities not reported as fraudulent in RD, Table NR18 compares the situation until 2017 with the situation in 2018. There were no significant changes in the use risk analysis or information published by the media. With specific reference to risk analysis, no Member State that had not reported this type of detections in 2014-2017 started to report them in 2018. During this year detections specifically based on risk analysis were confined to six Member States. The share of irregularities detected following tips slightly increased.

Table NR 18

Reason for performing control	Irregularities not reported as fraudulent - Rural development					
	2014-2017			2018		
	N.	%	EUR	N.	%	EUR
Risk analysis	189	2.10	13,488,794	45	2.42	1,699,538
Comparison of data	128	1.42	3,845,806	19	1.02	551,798
Probability checks	19	0.21	1,028,042	13	0.70	623,165
Statistical analysis	13	0.14	200,316	0	0.00	0
Tip from informant, whistle-blower etc.	92	1.02	7,404,763	30	1.61	2,779,156
Information published in the media	42	0.47	2,877,905	8	0.43	293,179
Total (1)	9,010		528,022,132	1,861		104,751,906

(1) Total number of irregularities classified as RD (rural development) and not reported as fraudulent

3.3.4.2 Irregularities in relation to market measures

With a focus on controls that led to discover irregularities reported as fraudulent in MM, Table NR19 compares the situation until 2017 with the situation in 2018. The categories 'Scrutiny 4045' and 'Scrutiny 485' refer to Regulation 4045/1989 and Regulation 485/2008,

⁷⁸ In Table NR17 also reasons that might hint to the use of some forms of risk analysis have been introduced (comparison of data, probability checks and statistical analysis).

which deal with the scrutiny of commercial documents of those entities receiving payments from the Guarantee section of the EAGGF (Reg. 4045/1989) or from the EAGF (Reg. 485/2008)⁷⁹. While Reg. 485/2008 explicitly introduced the concept of risk analysis, Reg. 4045 already required consideration for risk factors and concentration on sectors or undertakings where the risk of fraud is high. In 2018, apart from a declining share concerning 'Scrutiny 485' the Member States did not detect any irregularity on the basis of risk analysis, information published by the media or tips.

Table NR 19

Reason for performing control	Irregularities reported as fraudulent - Market measures					
	2014-2017			2018		
	N.	%	EUR	N.	%	EUR
Risk analysis	14	10.00	1,180,082	0	0.00	0
Comparison of data	0	0.00	0	0	0.00	0
Probability checks	0	0.00	0	0	0.00	0
Statistical analysis	0	0.00	0	0	0.00	0
Scrutiny 4045	13	9.29	2,001,454	0	0.00	0
Scrutiny 485	64	45.71	31,923,937	6	20.69	185,805
Tip from informant, whistle-blower etc.	9	6.43	31,915,426	0	0.00	0
Information published in the media	0	0.00	0	0	0.00	0
Total (1)	140		110,837,882	29		38,621,752

(1) Total number of irregularities classified as MM (market measures) and reported as fraudulent

With a focus on controls that led to discover irregularities not reported as fraudulent in MM, Table NR20 compares the situation until 2017 with the situation in 2018. In the last year, there was no clear increase in the use of risk analysis with respect to the period 2014-2017. On the one hand, the use of 'comparison of data' rose by more than 1 pp, but this was based on few cases and it is not clear what kind of activity was reported under this reason. On the other hand, the share of irregularities detected on the basis of scrutiny ex-Reg. 485 decreased by more than 2pp. The share of irregularities detected following tips slightly increased, but on the basis on very few cases.

Table NR 20

Reason for performing control	Irregularities not reported as fraudulent - Market measures					
	2014-2017			2018		
	N.	%	EUR	N.	%	EUR
Risk analysis	25	1.95	1,821,921	8	2.37	656,549
Comparison of data	1	0.08	170,794	4	1.18	495,886
Probability checks	7	0.55	193,905	2	0.59	28,694
Statistical analysis	0	0.00	0	0	0.00	0
Scrutiny 4045	229	17.88	18,564,045	60	17.75	5,522,983
Scrutiny 485	193	15.07	24,953,507	43	12.72	5,176,520
Tip from informant, whistle-blower etc.	2	0.16	933,196	2	0.59	26,599
Information published in the media	0	0.00	0	1	0.30	19,483
Total (1)	1,281		161,920,817	338		28,591,060

(1) Total number of irregularities classified as MM (market measures) and not reported as fraudulent

3.3.4.3 Irregularities in relation to direct payments

With a focus on controls that led to discover irregularities reported as fraudulent in DA, Table NR21 compares the situation until 2017 with the situation in 2018. For an explanation about the categories 'Scrutiny 4045' and 'Scrutiny 485', see above Section 3.3.4.2. In 2018, apart from a declining share concerning tips, the Member States did not detect any irregularity on the basis of risk analysis, scrutiny or information published by the media.

⁷⁹ Reg. 485/2008 repealed Reg. 4045/1989.

Table NR 21

Reason for performing control	Irregularities reported as fraudulent - Direct payments					
	2014-2017			2018		
	N.	%	EUR	N.	%	EUR
Risk analysis	6	1.34	132,111	0	0.00	0
Comparison of data	2	0.45	52,802	0	0.00	0
Probability checks	0	0.00	0	0	0.00	0
Statistical analysis	0	0.00	0	0	0.00	0
Scrutiny 4045	0	0.00	0	0	0.00	0
Scrutiny 485	0	0.00	0	0	0.00	0
Tip from informant, whistle-blower etc.	20	4.46	273,822	1	0.97	10,056
Information published in the media	0	0.00	0	0	0.00	0
Total (1)	448		22,933,807	103		5,276,046

(1) Total number of irregularities classified as DA (direct payments) and reported as fraudulent

With a focus on controls that led to discover irregularities reported as not fraudulent in DA, Table NR22 compares the situation until 2017 with the situation in 2018. In the last year, there was no increase in the use of risk analysis or information published in the media with respect to the period 2014-2017. The share of irregularities detected following tips slightly increased, from 1.5% to 2.5%.

Table NR 22

Reason for performing control	Irregularities not reported as fraudulent - Direct payments					
	2014-2017			2018		
	N.	%	EUR	N.	%	EUR
Risk analysis	109	3.83	2,808,233	3	0.52	115,432
Comparison of data	44	1.55	1,200,200	28	4.81	701,668
Probability checks	8	0.28	498,657	5	0.86	75,198
Statistical analysis	0	0.00	0	0	0.00	0
Scrutiny 4045	6	0.21	1,854,996	0	0.00	0
Scrutiny 485	0	0.00	0	0	0.00	0
Tip from informant, whistle-blower etc.	39	1.37	712,858	15	2.58	264,115
Information published in the media	1	0.04	48,112	0	0.00	0
Total (1)	2,844		119,862,593	582		28,681,068

(1) Total number of irregularities classified as DA (direct payments) and not reported as fraudulent

3.4. Anti-fraud activities of Member States

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

The present Section digs into some aspects linked to the anti-fraud activities and results of Member States. Four elements are analysed:

- (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 2018 and over the last five years);
- (3) the fraud detection rate (FDR - the ratio between the amounts involved in cases reported as fraudulent and the payments occurred in the same period) and the irregularity detection rate (IDR - the ratio between the amounts involved in cases not reported as fraudulent and the payments occurred in the same period) over the last five years⁸⁰;

⁸⁰ The Member States have the obligation to report only irregularities for which payment and certification to the EC occurred. As a consequence, the IDR focuses on the 'repressive' side of the anti-fraud cycle and does not include the results of 'prevention' activities. This does not apply to the FDR, as fraudulent cases must be reported regardless.

- (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 17 974 irregularities (fraudulent and non-fraudulent) reported by Member States in 2014-2018 in relation to CAP, 10 359 (58% of the total) involved infringements that have been protracted during a span of time. For the 1 786 irregularities reported as fraudulent, this percentage is higher at about 65%. The remaining part of the dataset refers to irregularities which consisted of a single act identifiable on a precise date (about 36% of the whole dataset and 33% of that including exclusively the fraudulent irregularities) or for which no reliable information has been provided⁸¹ (6% of the whole dataset, but only 2% of the irregularities reported as fraudulent).

The average duration of the irregularities which have been protracted over time was 26 months (*i.e.* 2 years and 2 months). For the irregularities reported as fraudulent, this average was just 2 months more: 28 months.

3.4.2. Detection of irregularities reported as fraudulent by Member State

3.4.2.1. Reported during the period 2014-2018

Table NR23 offers an overview of the irregularities reported as fraudulent by Member States during the period 2014-2018. It also shows the related amounts, overall payments for the agricultural policy and the FDR.

Finland has notified no irregularities as fraudulent; another seventeen (17) Member States reported less than 30 potentially fraudulent irregularities; four (4) Member States reported between 30 and 60; six (6) Member States more than 60.

Romania, Poland, Hungary and Italy are the four countries which have reported the highest numbers, while Poland, Romania, France and Bulgaria reported the highest amounts. Bulgaria, Estonia, Poland and Romania's FDRs approached 0.5%, about double the Lithuania and Hungary's FDRs, which ranked fifth and sixth..

⁸¹ This includes cases where start date and end date were not filled in, cases where only the end date was filled in and cases where the end date was before the start date.

Table NR23: Irregularities reported as fraudulent by Member State in 2014-2018

Member State	Irregularities reported as fraudulent 2014-18		Payments in 2014-18	FDR 2014-18
	N	EUR	N	%
AT	3	143,607	5,859,950,547	0.00%
BE	1	390,000	3,279,080,775	0.01%
BG	62	25,014,097	5,104,189,294	0.49%
CY	6	252,222	375,430,987	0.07%
CZ	36	2,443,129	5,769,788,112	0.04%
DE	22	2,366,593	30,277,645,172	0.01%
DK	13	378,753	4,894,111,232	0.01%
EE	17	4,843,967	983,589,095	0.49%
ES	33	1,371,001	32,510,728,668	0.00%
FR	62	28,995,801	45,533,346,971	0.06%
GR	17	851,608	13,834,076,889	0.01%
HR	13	1,731,967	1,252,652,418	0.14%
HU	256	20,189,047	8,486,853,720	0.24%
IE	34	391,997	7,453,476,948	0.01%
IT	182	21,565,717	27,482,602,965	0.08%
LT	40	9,133,279	3,228,677,127	0.28%
LU	1	15,857	218,166,179	0.01%
LV	29	2,205,101	1,600,216,675	0.14%
MT	1	61,814	65,214,137	0.09%
NL	23	1,011,681	4,463,426,112	0.02%
PL	378	109,805,922	22,961,242,568	0.48%
PT	22	7,692,811	6,504,563,202	0.12%
RO	477	62,249,301	13,880,498,085	0.45%
SE	2	7,255	4,399,755,748	0.00%
SI	11	982,377	1,190,354,474	0.08%
SK	29	3,363,651	2,962,575,488	0.11%
UK	16	674,795	19,039,897,774	0.00%
TOTAL	1,786	308,133,350	277,823,187,870	0.11%

3.4.2.2. Reported in 2018

Table NR24 offers an overview of the irregularities reported as fraudulent by Member States in 2018. It also shows the related amounts, overall payments for the agricultural policy and the FDR.

Twelve Member States notified no irregularities as fraudulent; most Member States reported less than 30 potentially fraudulent irregularities; only 2 Member States reported more than 30 irregularities.

Romania, and Italy were the Member States which have reported the highest numbers, while Poland and Romania reported the highest amounts. Bulgaria's FDR is 1.5%, more than double the second and third highest FDRs, which have been recorded by Romania and Poland, respectively.

Table NR24: Irregularities reported as fraudulent by Member State in 2018

Member State	Irregularities reported as fraudulent in 2018		Payments in 2018	FDR 2014-18
	N	EUR	N	%
BG	12	15,315,564	1,021,176,343	1.50%
CZ	1	121,619	1,177,332,397	0.01%
DE	7	501,120	6,077,898,582	0.01%
DK	2	240,378	925,589,858	0.03%
ES	1	16,976	6,478,874,652	0.00%
FR	8	293,080	9,507,661,856	0.00%
HR	3	137,032	455,360,150	0.03%
HU	1	436,462	1,706,069,138	0.03%
IT	39	3,106,008	5,361,755,576	0.06%
LT	2	60,447	709,412,202	0.01%
LV	1	87,352	429,726,466	0.02%
NL	15	827,815	849,478,510	0.10%
PL	28	22,864,626	4,377,860,710	0.52%
PT	3	132,027	1,272,084,098	0.01%
RO	114	18,315,183	2,956,674,606	0.62%
SI	1	28,835	253,161,029	0.01%
SK	6	774,557	648,129,167	0.12%
UK	5	87,233	3,762,279,015	0.00%
TOTAL	249	63,346,314	56,276,415,531	0.11%

3.4.3. Fraud and Irregularity Detection by sector and Member State

3.4.3.1. Rural development

Table NR25 and Map NR1 provide an overview of the irregularities reported as fraudulent by Member States during the period 2014-2018 in relation to rural development. It also shows the related amounts, overall payments for rural development and the FDR.

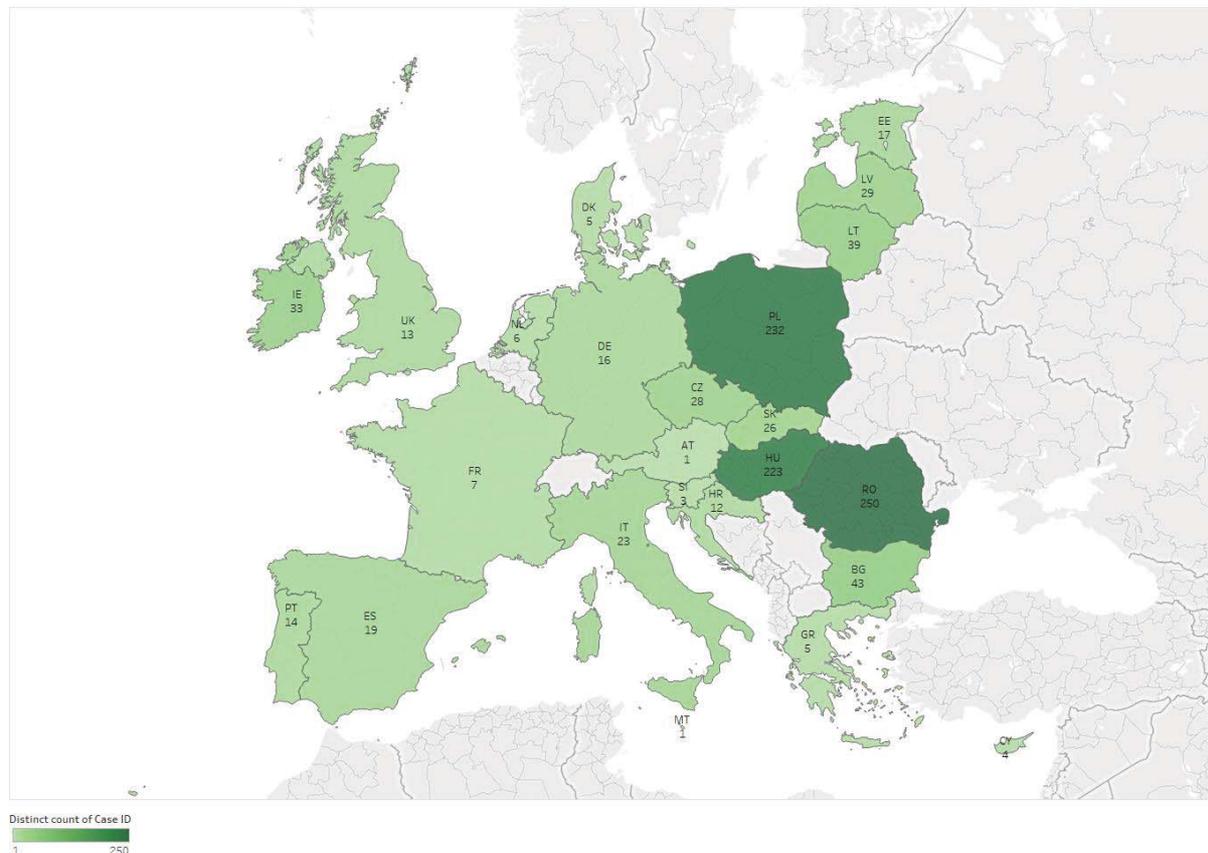
Table NR25: Rural development: number of irregularities reported as fraudulent 2014-2018, amounts involved and fraud detection rate by Member State

Member State	Irregularities reported as fraudulent 2014-18		Payments 2014-2018	FDR 2014-2018
	N	EUR	N	%
AT	1	14,444	2,252,511,413	0.00
BG	43	9,520,035	1,457,951,115	0.65
CY	4	170,890	86,920,808	0.20
CZ	28	2,369,754	1,398,810,078	0.17
DE	16	1,925,577	4,686,352,842	0.04
DK	5	207,114	453,415,621	0.05
EE	17	4,843,967	391,421,205	1.24
ES	19	956,107	4,436,642,939	0.02
FR	7	1,015,585	5,548,518,288	0.02
GR	5	103,443	2,952,571,231	0.00
HR	12	1,596,814	507,630,255	0.31
HU	223	13,865,919	1,857,886,887	0.75
IE	33	379,505	1,299,384,117	0.03
IT	23	2,849,755	5,171,693,085	0.06
LT	39	9,090,980	1,057,728,121	0.86
LV	29	2,205,101	639,691,871	0.34
MT	1	61,814	37,653,413	0.16
NL	6	391,377	358,819,281	0.11
PL	232	14,898,281	5,670,391,604	0.26
PT	14	6,570,318	2,716,378,156	0.24
RO	250	54,641,712	5,972,458,281	0.91
SI	3	381,915	467,559,786	0.08
SK	26	3,159,759	815,940,188	0.39
UK	13	292,045	3,178,380,738	0.01
TOTAL	1,049	131,512,211	56,157,955,655	0.23

These irregularities are exclusively referred to rural development. A number of additional cases concerned both rural development and support to agriculture, including market measures

or direct payments (see Table NR6, NR7 and Annex 11), but considering them is not likely to significantly change the picture. This applies also to Table 26.

Map NR1: Number of irregularities reported as fraudulent by Member State - Rural development - 2014-2018



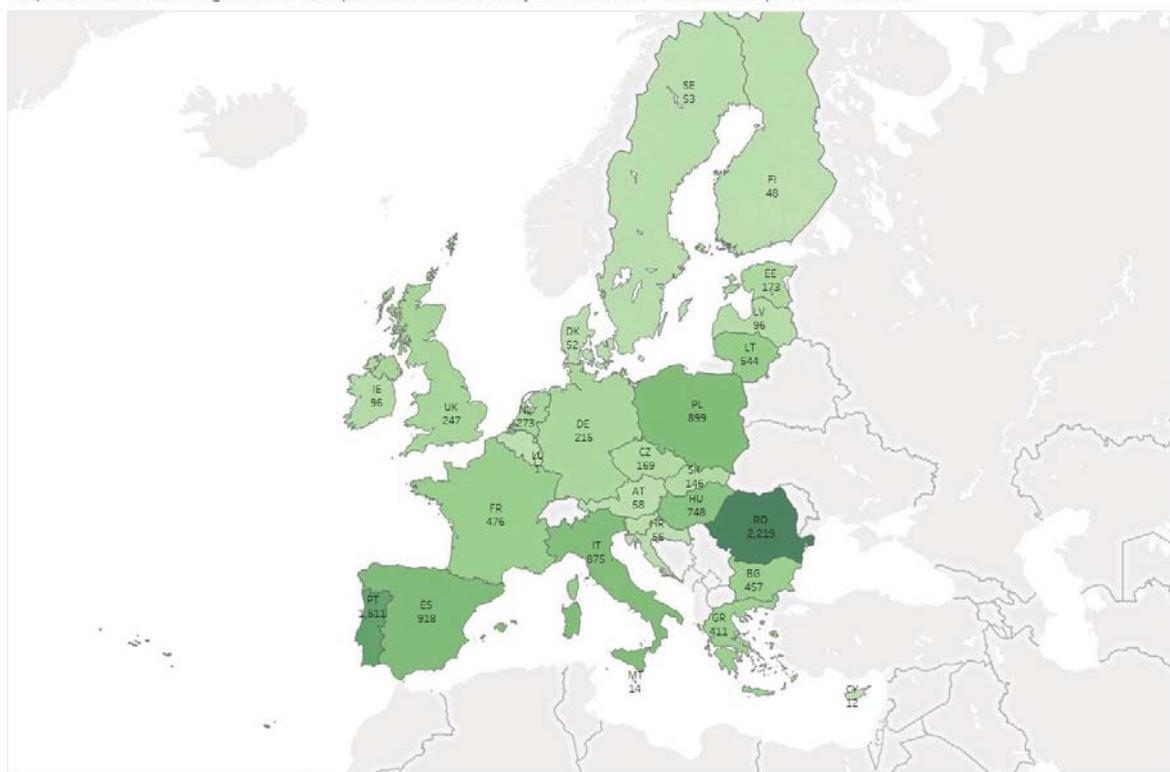
24 Member States have reported potentially fraudulent cases in relation to RD during the period 2014-2018. Romania, Poland and Hungary reported the highest numbers. The highest financial amounts were communicated by Romania, Poland, Hungary and Bulgaria. Estonia shows the highest FDR, above 1%, while the FDRs of Romania, Lithuania, Hungary and Bulgaria are between 0.5% and 1%.

Table NR26 and Map NR2 provide an overview of the irregularities not reported as fraudulent by Member States during the period 2014-2018 in relation to rural development. Table NR26 also shows the related amounts, overall payments for rural development and the IDR.

Table NR26: Rural development: number of irregularities not reported as fraudulent 2014-2018, amounts involved and irregularity detection rate by Member State

Member State	Irregularities not reported as fraudulent in 2014-18		Payments in 2014-18		IDR 2014-18
	N	EUR	N	%	
AT	58	1,544,050	2,252,511,413		0.07
BE	26	562,300	247,067,559		0.23
BG	457	34,156,906	1,457,951,115		2.34
CY	12	511,488	86,920,808		0.59
CZ	169	8,216,956	1,398,810,078		0.59
DE	215	11,123,329	4,686,352,842		0.24
DK	52	2,553,495	453,415,621		0.56
EE	173	7,980,860	391,421,205		2.04
ES	918	61,886,027	4,436,642,939		1.39
FI	48	1,029,242	1,535,553,583		0.07
FR	476	8,869,000	5,548,518,288		0.16
GR	411	6,690,786	2,952,571,231		0.23
HR	56	2,893,885	507,630,255		0.57
HU	748	36,335,142	1,857,886,887		1.96
IE	96	4,062,337	1,299,384,117		0.31
IT	875	77,276,890	5,171,693,085		1.49
LT	544	43,567,103	1,057,728,121		4.12
LU	1	39,266	48,564,280		0.08
LV	96	3,553,700	639,691,871		0.56
MT	14	813,550	37,653,413		2.16
NL	273	8,265,665	358,819,281		2.30
PL	899	37,309,653	5,670,391,604		0.66
PT	1511	81,902,574	2,716,378,156		3.02
RO	2219	169,616,249	5,972,458,281		2.84
SE	53	2,682,013	910,058,911		0.29
SI	78	1,797,572	467,559,786		0.38
SK	146	12,147,203	815,940,188		1.49
UK	247	5,386,795	3,178,380,738		0.17
TOTAL	10,871	632,774,038	56,157,955,655		1.13

Map NR2: Number of irregularities not reported as fraudulent by Member State - Rural development - 2014-2018



Distinct count of Case ID
1 2,219

Romania, Portugal, Spain, Poland, Italy and Hungary reported the highest numbers. The highest financial amounts were communicated by Romania. Lithuania shows the highest IDR, above 4%, while the IDRs of Portugal, Romania Bulgaria, the Netherlands, Malta and Estonia exceeds 2%.

Tables NR25 and NR26 suggest that the reporting of irregularities was concentrated in a few Member States and that this concentration could go beyond what could be expected on the basis of the distribution of payments related to rural development among Member States.⁸²

Graphs NR5 help assessing this hypothesis. Respectively for fraudulent and non-fraudulent irregularities, Graphs NR5a and NR5b show the cumulative percentage distribution of the number of cases and related financial amounts involved in relation to rural development. The Member States are sorted on the basis of the number of irregularities reported.

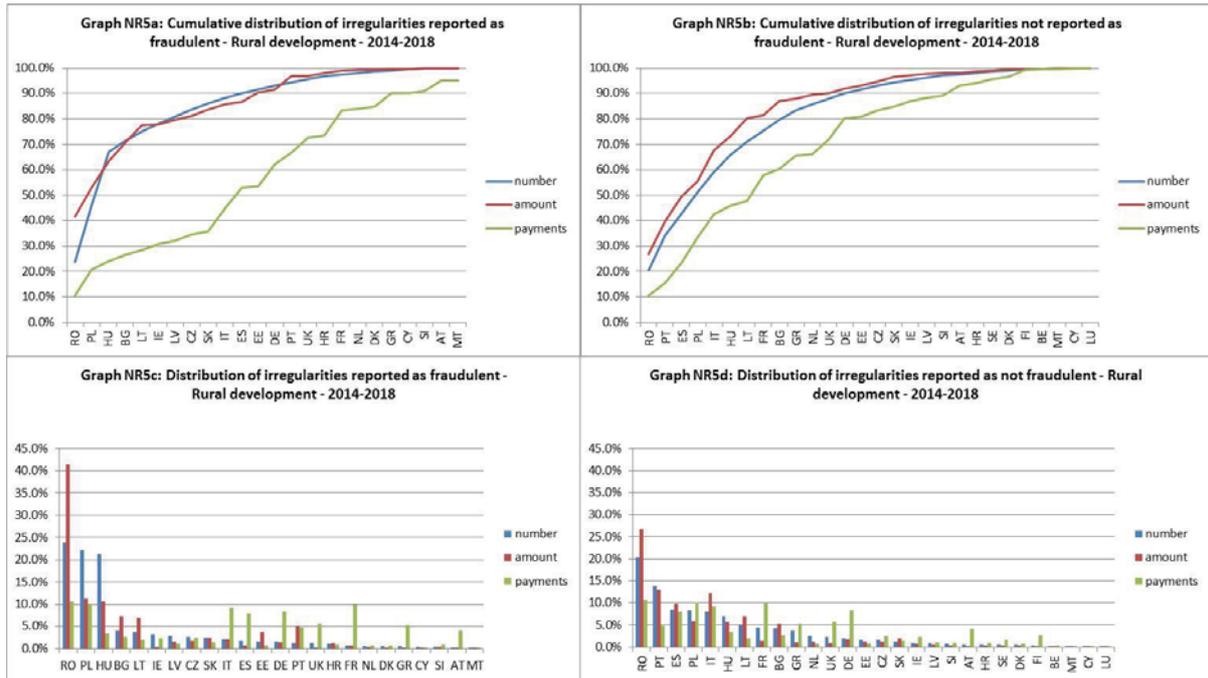
Graph NR5a shows that the first three Member States (Romania, Poland and Hungary) reported nearly 70% of all fraudulent irregularities related to rural development, while they received 25% of the payments. This percentage is noticeably lower in relation to non-fraudulent irregularities (less than 50%), but it is still well above the share of payments received. While Romania was still the Member State with the highest number of cases reported, Portugal and Spain ranked second and third.

In general, the cumulative distributions of number of cases and financial amounts broadly overlap. They rise fast and are quite far from the cumulative distribution of payments related to rural development; this is clearly emphasised when focusing on fraudulent irregularities. To better assess the contribution of each Member State to these patterns, Graph NR5c and NR5d present the individual shares of number of cases, financial amounts involved and payments, respectively for fraudulent and non-fraudulent irregularities.

This corroborates the hypothesis that the concentration of detections is not explained by the concentration of payments during the period 2014-2018. This may be due to many different factors, including different underlying levels of irregularities and fraud, a different quality of the prevention or detection activities or different practices concerning the stage of the procedure when potentially fraudulent irregularities are reported.

This difference in concentration between detections and payments is less evident for non-fraudulent irregularities, which might be taken as an indication of more homogenous approaches to management and administrative controls, even if the examination of data concerning single Member States (see Graph NR5d) highlights significant discrepancies. The concentration of detections is instead more accentuated for fraudulent irregularities, suggesting that different approaches to the use of criminal law to protect the EU budget may be an additional and significant factor causing further inhomogeneity among Member States.

⁸² The following analysis must be read while bearing in mind that the detections reported during 2014-2018, often made reference to budget years pre-dating this period. So, strictly speaking, there is no perfect logical alignment between detections and payments, differently from the analysis proposed for the cohesion policy where the whole programming period is the reference (see Section 4.4.3). However, the validity of this analysis does not depend on the stability over time of payments, but on the stability over time of the % distribution of these payments among Member State. The more stable this distribution is (in the different sectors), the more valid are the findings of this analysis.



3.4.3.2. Market measures

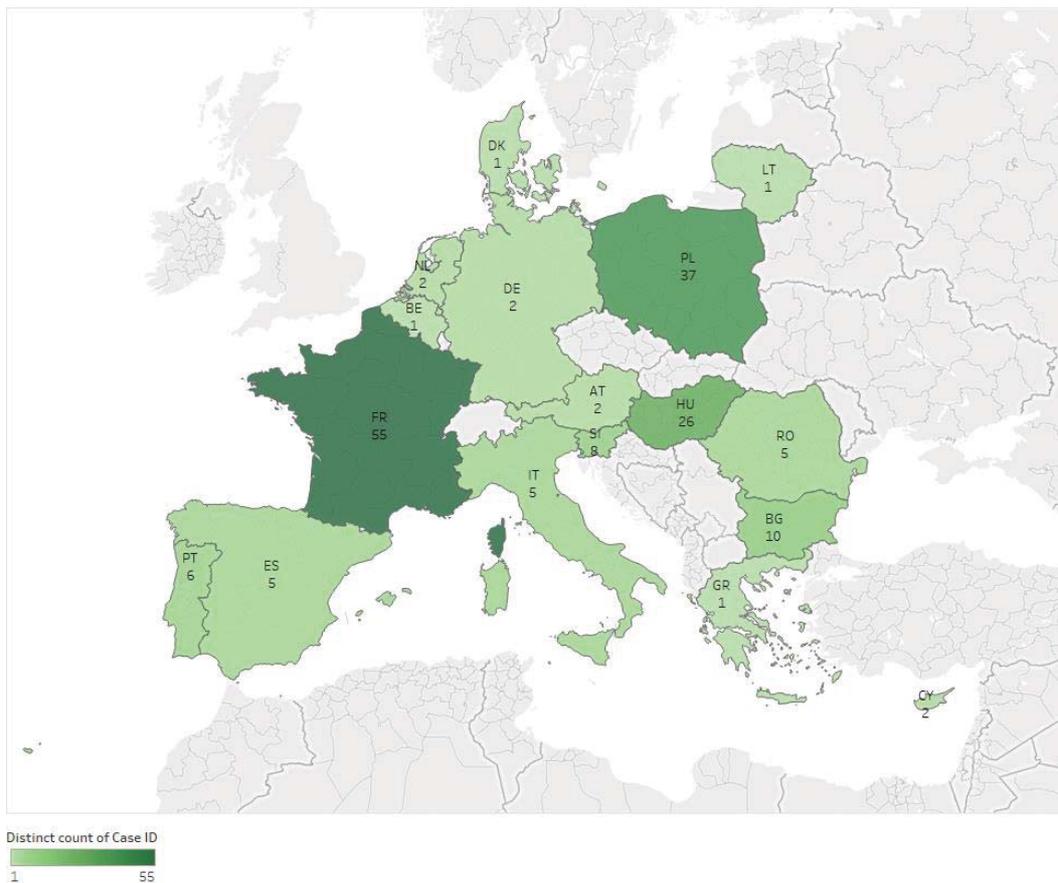
Table NR27 and Map NR3 provide an overview of the irregularities reported as fraudulent by Member States during the period 2014-2018 in relation to market measures. The table also shows the related amounts, overall payments for market measures and the FDR.

Table NR27: Market measures: number of irregularities reported as fraudulent 2014-2018, amounts involved and fraud detection rate by Member State

Member State	Irregularities reported as fraudulent 2014-18		Payments 2014-2018	FDR 2014-2018
	N	EUR	N	%
AT	2	129,163	137,629,697	0.09
BE	1	390,000	396,304,187	0.10
BG	10	15,307,109	160,551,493	9.53
CY	2	81,332	36,706,621	0.22
DE	2	356,279	813,096,808	0.04
DK	1	95,217	75,348,038	0.13
ES	5	147,877	2,669,585,206	0.01
FR	55	27,980,216	2,948,035,995	0.95
GR	1	613,071	331,854,750	0.18
HU	26	5,688,424	253,056,898	2.25
IT	5	4,692,931	3,183,981,393	0.15
LT	1	42,299	91,821,747	0.05
NL	2	0	318,617,129	0.00
PL	37	91,141,865	896,176,951	10.17
PT	6	1,069,539	542,278,278	0.20
RO	5	1,123,850	243,013,072	0.46
SI	8	600,462	38,324,674	1.57
TOTAL	169	149,459,634	13,943,363,797	1.07

A part of these irregularities are not exclusively referred to market measures, but the reporting authority may have also included budget lines/posts referring to other measures, including direct payments, rural development or other payments related to budget years before 2006 (see Annexes 11 and 13 for the detailed explanation about the classification of cases in relation to CAP expenditure). These irregularities have been included in their full value in Table NR27. This applies also to Table 28 below.

Map NR3: Number of irregularities reported as fraudulent by Member State - Market measures - 2014-2018



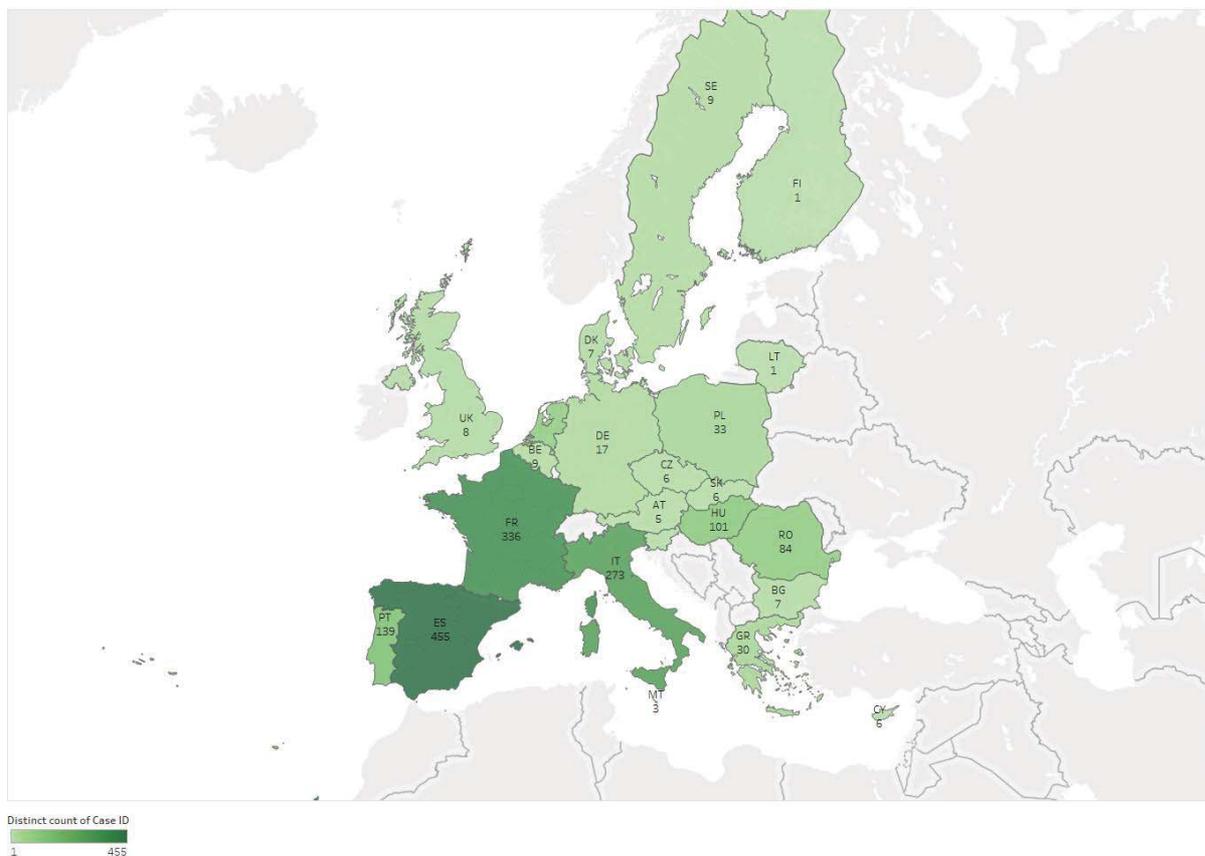
17 Member States have reported potentially fraudulent cases in this area (2 more than in the period 2013-2017). France, Poland and Hungary reported the highest numbers. The highest financial amounts were communicated by Poland, France and Bulgaria. Poland and Bulgaria show the highest FDRs (around 10%).

Table NR28 and Map NR4 provide an overview of the irregularities not reported as fraudulent by Member States during the period 2014-2018 in relation to market measures. It also shows the related amounts, overall payments for market measures and the IDR.

Table NR28: Market measures: number of irregularities not reported as fraudulent

Member State	Irregularities not reported as fraudulent in 2014-18		Payments in 2014-18		IDR 2014-18
	N	EUR	N	%	
AT	5	469,182	137,629,697		0.34
BE	9	217,437	396,304,187		0.05
BG	7	1,607,581	160,551,493		1.00
CY	6	113,007	36,706,621		0.31
CZ	6	1,114,264	104,130,235		1.07
DE	17	1,485,264	813,096,808		0.18
DK	7	7,778,467	75,348,038		10.32
ES	455	29,573,009	2,669,585,206		1.11
FI	1	12,649	62,067,268		0.02
FR	336	51,594,702	2,948,035,995		1.75
GR	30	1,423,913	331,854,750		0.43
HU	101	9,444,197	253,056,898		3.73
IT	273	17,942,874	3,183,981,393		0.56
LT	1	10,141	91,821,747		0.01
MT	3	372,454	1,833,303		20.32
NL	77	7,585,542	318,617,129		2.38
PL	33	5,685,688	896,176,951		0.63
PT	139	5,779,012	542,278,278		1.07
RO	84	45,220,217	243,013,072		18.61
SE	9	2,382,368	82,517,831		2.89
SI	6	192,149	38,324,674		0.50
SK	6	214,432	47,882,295		0.45
UK	8	293,327	303,242,133		0.10
TOTAL	1,619	190,511,876	13,943,363,797		1.37

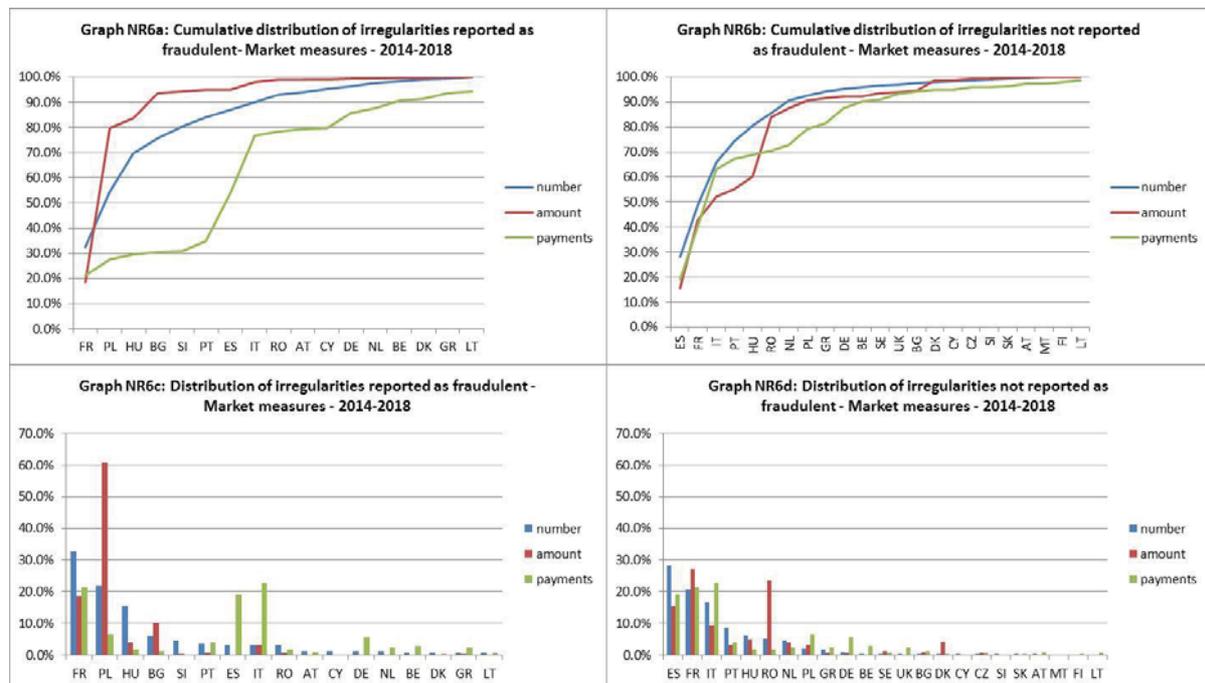
Map NR4: Number of irregularities not reported as fraudulent by Member State - Market measures - 2014-2018



23 Member States have reported non fraudulent cases with reference to market measures (one more than during 2013-2017). Spain, France and Italy reported the highest numbers. The

highest financial amounts were communicated by France, Romania and Spain. Malta, Romania and Denmark show the highest IDRs.

Tables NR27 and NR28 suggest that the reporting of irregularities was concentrated in a few Member States and that this concentration could go beyond what could be expected on the basis of the distribution of payments related to market measures among Member States. Graphs NR6 help assessing this hypothesis. For a general explanation about these graphs, see Section 3.4.3.1.



Graph NR6a shows that three Member States (France, Poland and Hungary) reported about 70% of all fraudulent irregularities related to market measures, while they received about 30% of payments. This percentage is lower in relation to non-fraudulent irregularities (about 65%) and it is in line with the share of payments received by these Member States. France was accompanied by Spain and Italy in the group of Member States with the highest number of cases not reported as fraudulent.

The cumulative distributions of number of fraudulent cases and related financial amounts related to market measures rise fast and much faster than the cumulative distribution of payments related to market measures. This is less clear for non-fraudulent irregularities, where the patterns of detections and payments are more aligned. To better assess the contribution of each Member State to these patterns, Graphs NR6c and NR6d present the individual shares of number of cases, financial amounts involved and payments, respectively for fraudulent and non-fraudulent irregularities.

This corroborates the hypothesis that the concentration of detections is not explained by the distribution of payments, especially not for fraudulent irregularities. This suggests the need for more homogeneity concerning the use of criminal law to protect the EU.

3.4.3.3. Direct payments to farmers

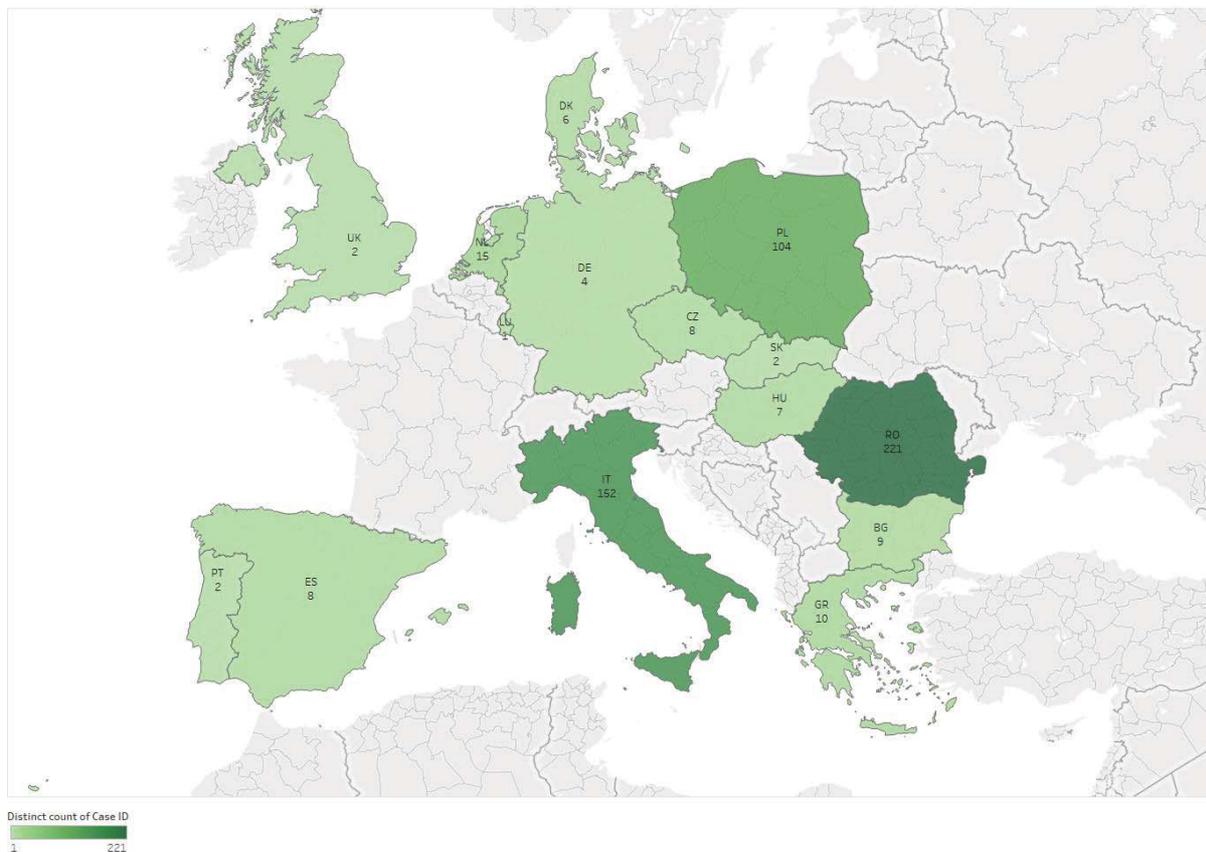
Table NR29 and Map NR5 provide an overview of the irregularities reported as fraudulent by Member States during the period 2014-2018 in relation to direct payments to farmers. It also shows the related amounts, overall payments for direct payments and the FDR.

Table NR29: Direct payments: number of irregularities reported as fraudulent 2014-2018, amounts involved and fraud detection rate by Member State

Member State	Irregularities reported as fraudulent 2014-18		Payments 2014-2018	FDR 2014-2018
	N	EUR	N	%
BG	9	186,953	3,485,686,686	0.01
CZ	8	73,375	4,266,847,799	0.00
DE	4	84,737	24,778,195,522	0.00
DK	6	76,422	4,365,347,572	0.00
ES	8	247,451	25,404,500,523	0.00
GR	10	113,863	10,549,650,907	0.00
HU	7	634,704	6,375,909,936	0.01
IT	152	15,628,683	19,126,928,487	0.08
LU	1	15,857	165,913,715	0.01
NL	15	620,305	3,785,989,702	0.02
PL	104	3,462,697	16,394,674,013	0.02
PT	2	52,954	3,245,906,768	0.00
RO	221	6,440,180	7,665,026,731	0.08
SK	2	202,409	2,098,753,005	0.01
UK	2	369,262	15,558,274,904	0.00
TOTAL	551	28,209,852	207,721,868,418	0.01

A part of these irregularities are not exclusively referred to direct payments, but the reporting authority may have also included budget lines/posts referring to other measures, including market measures, rural development or other payments related to budget years before 2006 (see Annexes 11 and 13). These irregularities have been included in their full value in Table NR29. This applies also to Table 30 below.

Map NR5: Number of irregularities reported as fraudulent by Member State - Direct aid to farmers - 2014-2018



15 Member States have reported potentially fraudulent cases in this area. Romania, Italy and Poland reported the highest numbers. The highest financial amounts were communicated by

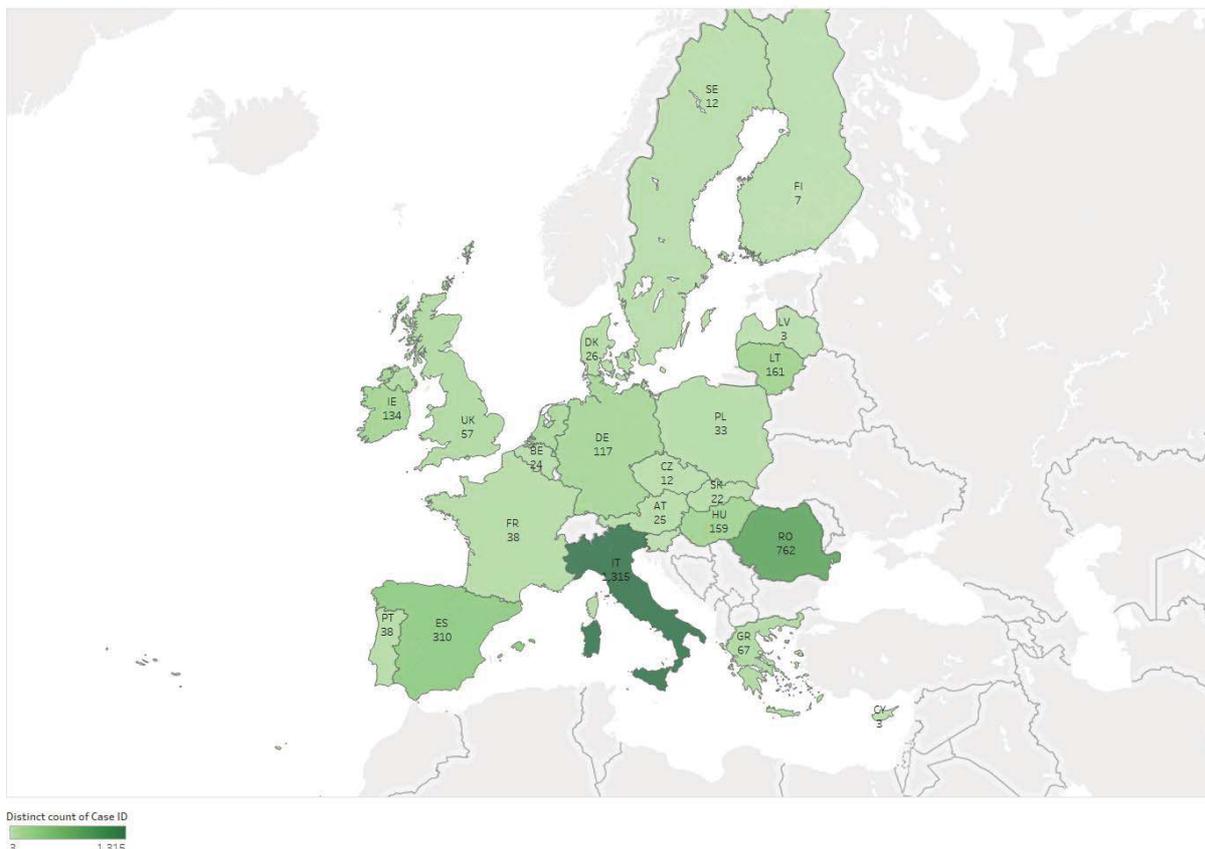
Italy. Italy and Romania show the highest FDRs, which are lower than 0.1%. For the other Member States, FDRs are almost zero.

Table NR30 and Map NR6 provide an overview of the irregularities not reported as fraudulent by Member States during the period 2014-2018 in relation to direct payments. It also shows the related amounts, overall payments for direct payments and the IDR.

Table NR30: Direct payments: number of irregularities not reported as fraudulent 2014-2018, amounts involved and irregularity detection rate by Member State

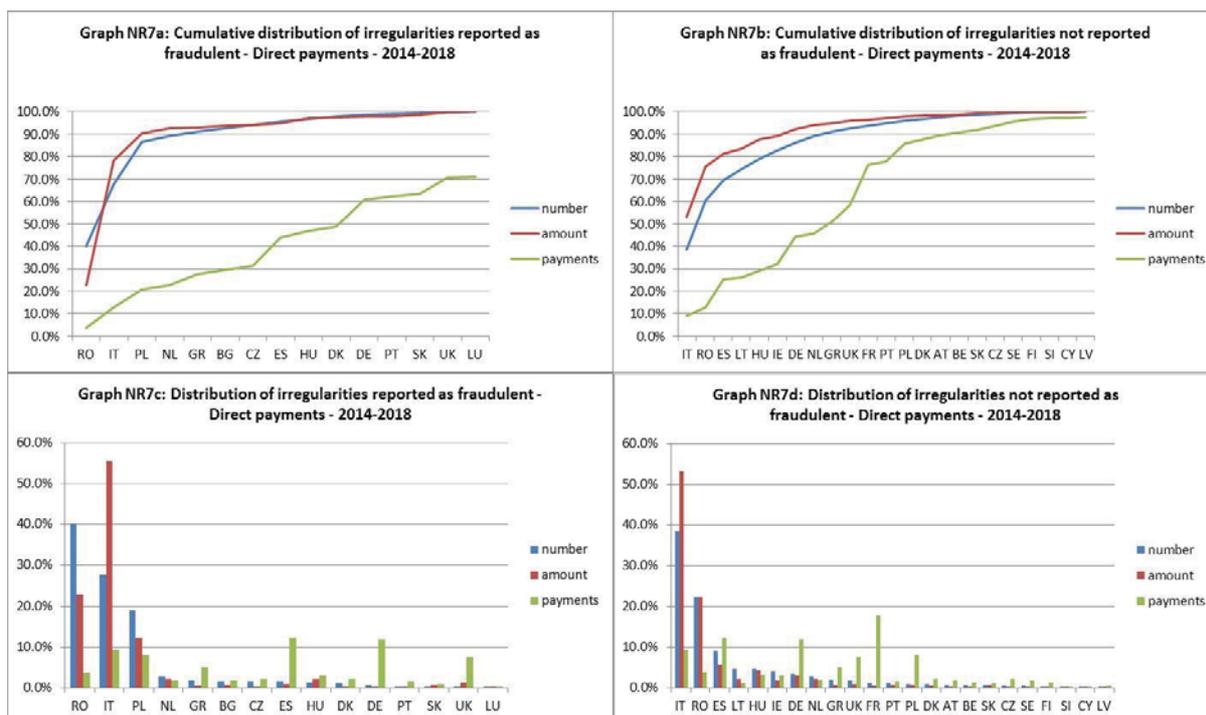
Member State	Irregularities not reported as fraudulent in 2014-18		Payments in 2014-18	IDR 2014-18
	N	EUR	N	%
AT	25	373,371.0	3,469,809,437	0.01
BE	24	379,160.0	2,635,709,030	0.01
CY	3	34,975.0	251,803,558	0.01
CZ	12	278,372.0	4,266,847,799	0.01
DE	117	4,229,926.0	24,778,195,522	0.02
DK	26	717,615.0	4,365,347,572	0.02
ES	310	8,539,929.0	25,404,500,523	0.03
FI	7	112,325.0	2,613,455,658	0.00
FR	38	809,054.0	37,036,792,688	0.00
GR	67	1,120,755.0	10,549,650,907	0.01
HU	159	6,108,183.0	6,375,909,936	0.10
IE	134	2,516,979.0	6,068,695,845	0.04
IT	1315	79,151,833.0	19,126,928,487	0.41
LT	161	3,145,047.0	2,079,127,259	0.15
LV	3	37,379.0	910,033,363	0.00
NL	97	3,166,886.0	3,785,989,702	0.08
PL	33	901,129.0	16,394,674,013	0.01
PT	38	965,192.0	3,245,906,768	0.03
RO	762	33,206,469.0	7,665,026,731	0.43
SE	12	359,426.0	3,407,179,007	0.01
SI	4	112,065.0	684,470,014	0.02
SK	22	965,052.0	2,098,753,005	0.05
UK	57	1,312,540.0	15,558,274,904	0.01
TOTAL	3,426	148,543,662	207,721,868,418	0.07

Map NR6: Number of irregularities not reported as fraudulent by Member State - Direct aid to farmers - 2014-2018



23 Member States have reported non fraudulent cases concerning direct payments. Italy and Romania reported both the highest numbers and the highest financial amounts. Romania and Italy show the highest IDRs (about 0.4%).

Tables NR29 and NR30 suggest that the reporting of irregularities was concentrated in a few Member States and that this concentration could go beyond what could be expected on the basis of the distribution of payments related to direct payments among Member States. Graphs NR7 help assessing this hypothesis. For a general explanation about these Graphs, see Section 3.4.3.1.



Graph NR7a shows that three Member States (Romania, Italy and Poland) reported more than 85% of all fraudulent irregularities related to direct payments, while they received about 20% of payments. This percentage is lower in relation to non-fraudulent irregularities (about 70%), but still clearly exceeded the share of payments received by these Member States. Italy and Romania were accompanied by Spain in the group of the Member States with the highest number of cases not reported as fraudulent.

In general, the cumulative distributions of number of cases and financial amounts broadly overlap. They rise fast and are quite far from the cumulative distribution of payments related to direct payments; this is clearly emphasised when focusing on the fraudulent irregularities. To better assess the contribution of each Member State to these patterns, Graph NR7c and NR7d present the individual shares of number of cases, financial amounts involved and payments, respectively for fraudulent and non-fraudulent irregularities.

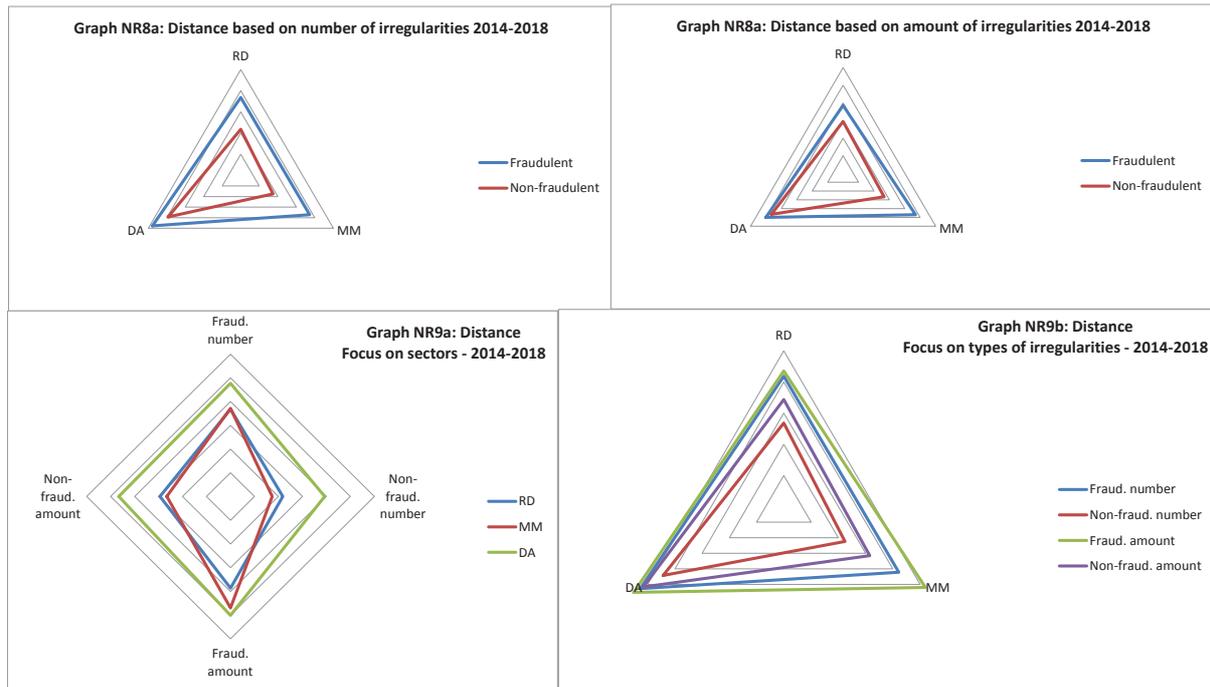
This corroborates the hypothesis that the concentration of detections is not explained by the distribution of payments. This may be due to different factors, including inhomogeneous management and control systems and, for the fraudulent irregularities, different approaches to the use of criminal law to protect the EU.

3.4.3.4. Concentration by sector and type of irregularity

In Sections 3.4.3.1-3.4.3.3, focusing on different sectors of agriculture expenditure, the concentration of detections in different Member States have been analysed, comparing it with the distribution of related payments.

Graphs NR8 and NR9 are based on an overall measure of the distance between the distribution of detections in different Member States and the distribution of payments received by the Member States in the same period.⁸³

⁸³ The measure of the distance is calculated as the average (considering the 28 Member States) of the absolute difference (so not considering the sign of the difference) between the share of irregularities detected (or related financial amounts) and the share of payments received by the same Member State during the period 2014-2018.



These graphs confirm and summarise findings from the previous sections. They show that 'direct payments' was the sector with the largest distance between detections and payments received. Rural development and market measures are more similar. The distance is always lower for non-fraudulent irregularities, especially for rural development and market measures. This might be taken as an indication that management and administrative controls are more homogeneous among Member State than the approaches to the use of the criminal law for the protection of the EU budget and/or reporting of suspected fraud.

3.4.4. Ratio of established fraud / Dismissal ratio

Since the PIF Report 2014, 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 NR31, therefore, updates the table already published in the last four Reports indicating that the '*ratio of established fraud*' has slightly increased in comparison to last year (from 12% to 14%). The '*dismissal ratio*' increased from 17% to 22%. This means that the number of cases that had been reported during 2009-2013 that were still classified as fraudulent at the end of 2018 has decreased by 22% from the end of 2013. This decrease may be due to cases that have been cancelled or that have been re-classified as non-fraudulent, which justify taking this measure as a dismissal ratio. However, it must be considered that between 2014 and 2018, a number of cases that had initially been classified as non-fraudulent may have been re-classified as fraudulent, contributing to compensate at least part of the decrease. If these cases were not considered in the calculation, the dismissal ratio would be higher.

Focusing on the cases that had been reported during 2009-2013 and that were still classified as fraudulent at the end of 2018 (including irregularities initially classified as non-fraudulent and then re-classified as fraudulent), 14% of them are considered as established fraud (*ratio of established fraud*).

Table NR31: 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	146	59	205	29%	233	-12%
CZ	2	5	7	71%	20	-65%
DE	12	4	16	25%	24	-33%
DK	108	0	108	0%	118	-8%
EE	16	6	22	27%	22	0%
ES	14	1	15	7%	29	-48%
FI	0	0	0	N/A	1	-100%
FR	12	0	12	0%	27	-56%
GR	26	1	27	4%	34	-21%
HU	45	9	54	17%	89	-39%
IE	4	0	4	0%	4	0%
IT	269	10	279	4%	409	-32%
LT	5	0	5	0%	1	400%
LU	1	0	1	0%	1	0%
LV	5	2	7	29%	8	-13%
MT	5	0	5	0%	5	0%
NL	5	0	5	0%	4	25%
PL	140	32	172	19%	194	-11%
PT	2	1	3	33%	2	50%
RO	99	12	111	11%	147	-24%
SE	6	0	6	0%	6	0%
SI	9	4	13	31%	16	-19%
SK	3	2	5	40%	2	150%
UK	8	2	10	20%	8	25%
TOTAL	961	152	1,113	14%	1,426	-22%

3.5. Recovery cases

For an in-depth analysis of recovery and financial corrections in the CAP, see section 2.1.1.3 of the Annual Activity Report of DG AGRI and the 2018 Annual Management and Performance Report for the EU Budget⁸⁴.

⁸⁴ COM (2019) 299 final on 25/6/2019. See also the Communication from the Commission to the Parliament, the Council and the Court of Auditors on the Protection of the EU budget – COM(2016)486 on 18/7/2016.



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PART 2/3

COMMISSION STAFF WORKING DOCUMENT

Statistical evaluation of irregularities reported for 2018: own resources, agriculture, cohesion and fisheries policies, pre-accession and direct expenditure

Accompanying the document

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

**30th Annual Report on the Protection of the European Union's financial interests - Fight
against fraud - 2018**

{COM(2019) 444 final} - {SWD(2019) 361 final} - {SWD(2019) 362 final} -
{SWD(2019) 363 final} - {SWD(2019) 364 final}

Contents

4.	The European Structural and Investment Funds (ESIF)	55
4.1.	General analysis	56
4.1.1.	Irregularities reported as fraudulent	63
4.1.1.1.	Trend by programming period	63
4.1.1.2.	Trend by Fund	65
4.1.2.	Irregularities not reported as fraudulent.....	68
4.1.3.	Irregularities reported in relation to the PP 2014-2020: comparison with PP 2007-2013.	70
4.2.	Specific Analysis – Irregularities reported in relation to the Programming Period 2007-13	86
4.2.1.	Objectives concerned by the reported irregularities.....	86
4.2.1.1.	Irregularities reported as fraudulent by Objective	88
4.2.1.2.	Fraud and Irregularity Detection Rates by Objective.....	90
4.2.2.	Priorities concerned by the reported irregularities	91
4.2.2.1.	Irregularities reported as fraudulent (fisheries not included)	91
4.2.2.2.	Irregularities not reported as fraudulent (fisheries not included).....	93
4.2.2.3.	PP 2007-2013: irregularities related to the priorities 'Tourism' and 'Environment' by theme	96
4.2.2.4.	Types of irregularities / modus operandi detected related to the priorities 'Tourism' and 'Environment protection and Risk prevention'	102
4.2.2.5.	Geographical distribution of irregularities (fraudulent and non-fraudulent) detected in relation to the 'Tourism' and 'Environment protection and Risk prevention'	103
4.3	Reasons for performing control.....	105
4.4.	Antifraud and control activities by Member States.....	106
4.4.1.	Duration of irregularities.....	106
4.4.2.	Detection of irregularities reported as fraudulent by Member State	110
4.4.3.	Fraud detection rate	113
4.4.4.	Irregularity Detection Rate	115
4.4.5.	Ratio of established fraud (programming period 2007-13).....	117
4.5	Other shared management Funds	119

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 2014-2020, 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)** ⁸⁵ – 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 (European Fisheries Fund (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 Section, 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 2014-2020. Partnership agreements lead to a series of investment programmes channelling the funding to the different regions and projects in the policy areas concerned.

For 2014-2020, EUR 454 billion⁸⁶ 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.

⁸⁵ Expenditure through EAFRD is considered in Section 3 'Common Agricultural Policy', when focusing on rural development.

⁸⁶ In 2011 prices.

These resources 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.

This Section of the report focuses on the programming period (PP) 2007-2013⁸⁷ and starts analysing the PP 2014-2020, mainly through a comparison with the irregularities reported during the first 5 years of implementation of the PP 2007-2013.

4.1. General analysis

In general, Member States are requested to communicate irregularities with financial amounts involved above EUR 10 000.⁸⁸ However, a number of cases with irregular financial amounts equal or below this threshold have been reported by several Member States. Table CP1 provides an overview by Member State. Furthermore, Member States reported cases with financial amounts involved equal to zero. This may be due to the fact that the competent national authority did not have enough information yet to quantify the irregular amounts involved. However, this should not be the case once the case is closed or expired. Table CP1 provides also an overview by Member State of the closed/expired cases, for which the national authorities have not mentioned the irregular financial amounts involved.

It is not clear why there are some Member States that reported much more *'below-the-threshold'* irregularities than others. It should be considered that an irregularity may consist of irregular or fraudulent operations which are interlinked and whose total financial impact exceeds EUR 10 000, even though each operation remains below the threshold.⁸⁹ In this case, a Member State may have chosen to report these irregularities separately, while other Member States may have combined them in one irregularity. Another explanation may relate to irregularities that were reported because the initial estimation of the irregular financial amounts involved exceeded EUR 10 000, but subsequent updates lowered these financial

⁸⁷ 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'*, Section 5, pages 48-49.

⁸⁸ When inputting a case, the contributor is requested to specify the currency in which the amounts are expressed. Where the value of this field is 'EUR' or the field has been left blank, no transformation is applied. Where this field has been filled with another currency, the financial amounts involved in the irregularity have been transformed on the basis of the exchange rates published by the ECB at the beginning of 2019.

⁸⁹ See Sections 8.1 and 9.3 of the *'Handbook on Reporting of Irregularities in shared management'*.

amounts below the threshold. Furthermore, more than 60% of the 'below-the-threshold' irregularities were still open at the cut-off date⁹⁰; the competent national authority might have decided to report them anyway, pending the exact quantification of the financial amount involved. Other explanations may refer to mis-typing or mis-interpretation of the reporting rules.

As shown by Table CP1, there were about 2 200 irregularities (less than 7% of all the relevant irregularities) that taken separately were associated to a financial amount equal or below EUR 10 000. In order to make use of all available information reported by the Member States, all these irregularities are considered in the analysis for this Report. However, Table CP1 provides the reader with additional information to put into context data about detections in different Member States⁹¹.

Table CP1: Number of irregularities reported during 2014-2018 with a 'below-the-threshold' financial amount involved

Member State	Irregularities not reported as fraudulent		Irregularities reported as fraudulent	
	<= EUR 10000	EUR 0 ⁽²⁾	<= EUR 10000	EUR 0 ⁽²⁾
	(1)	N	(1)	N
AT	9	2	1	0
BE	20	3	3	0
BG	5	0	0	0
CY	1	0	1	0
CZ	382	6	5	1
DE	6	4	0	0
DK	2	0	2	0
EE	29	2	0	0
ES	20	0	0	0
FI	0	5	0	0
FR	1	0	0	0
GR	4	1	0	0
HR	1	0	0	0
HU	1	0	1	0
IE	65	0	0	0
IT	6	9	0	0
LT	12	2	0	0
LV	8	0	10	0
NL	3	107	0	0
PL	68	1	1	0
PT	0	0	9	0
RO	4	0	0	0
SE	2	0	1	1
SI	1	0	1	0
SK	14	0	3	0
UK	1,396	2	10	0
TOTAL	2,060	144	48	2

⁽¹⁾ Irregularities for which the financial amount involved was equal to or less than EUR 10000 (excluding irregularities for which the financial amount involved was 0)

⁽²⁾ Closed or expired irregularities for which the financial amount involved was 0

In comparison with the other budget sectors, the analysis of the cohesion policy poses a higher level of complexity, as information refers to different PPs, which are regulated by different rules.

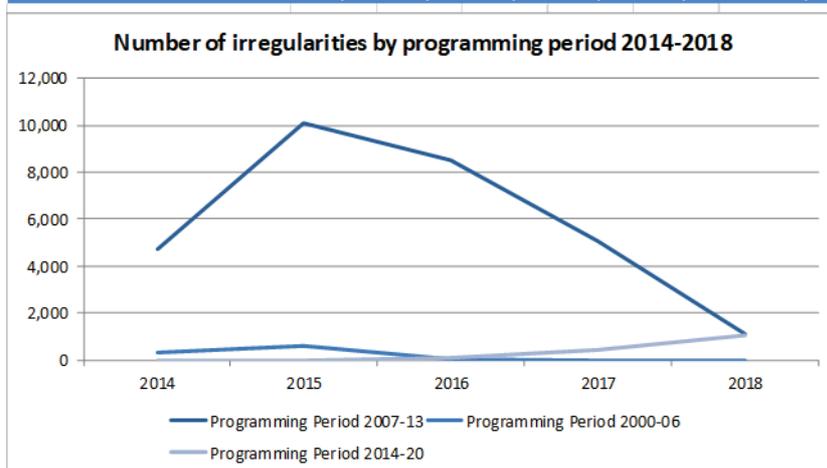
Table CP2 offers an overview of the number of irregularities (both fraudulent and non-fraudulent) reported from 2014 to 2018, by PP and fund.

⁹⁰ Data for this analysis has been downloaded from the Irregularities Management System (IMS) on 15/3/2019.

⁹¹ Luxembourg and Malta did not report any irregularity below the threshold.

Table CP2: Number of irregularities reported between 2014 and 2018 by programming period - Cohesion and Fisheries Policies

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2014	2015	2016	2017	2018	
	N	N	N	N	N	
Programming Period 2014-20	0	2	119	466	1,072	1,659
CF	0	0	2	38	115	155
ERDF	0	1	16	207	678	902
ESF	0	1	99	218	258	576
EMFF	0	0	2	3	21	26
Programming Period 2007-13	4,717	10,082	8,515	5,069	1,121	29,504
CF	278	464	438	414	90	1,684
ERDF	3,018	7,980	6,406	3,655	771	21,830
ESF	1,334	1,447	1,409	807	230	5,227
EFF	87	191	262	193	30	763
Programming Period 2000-06	330	599	61	12	9	1,011
CF	33	6	2	1	0	42
ERDF	196	567	49	5	8	825
ESF	60	19	4	4	1	88
FIFG	0	1	0	0	0	1
GUID	41	6	6	2	0	55
Programming Period 1994-1999	3	1	1	0	0	5
ERDF	1	1	1	0	0	3
GUID	2	0	0	0	0	2
TOTAL	5,050	10,684	8,696	5,547	2,202	32,179



With reference to PP 2007-2013, Table CP2 does not suggest any major deviation from known trends and patterns in detection and reporting of irregularities⁹², with the exception of year 2015, when the number of reported irregularities doubled, before decreasing in the following years. The increase in 2015 was for the greatest part linked to the reporting of irregularities by one Member State (Spain), which covered about half of the total number of irregularities reported in 2015. This Spanish anomalous increase was due to delayed reporting of irregularities detected throughout the programming period. If they were excluded, the number of reported irregularities would still be higher than in 2014. However, this increase would be more in line with the programming cycle of the funds.

A minor, yet still striking increase in reporting was observed in relation to the previous PP 2000-06. The number of irregularities almost doubled from 2014 to 2015. In this respect, the explanation is belated reporting by another Member State (Ireland).

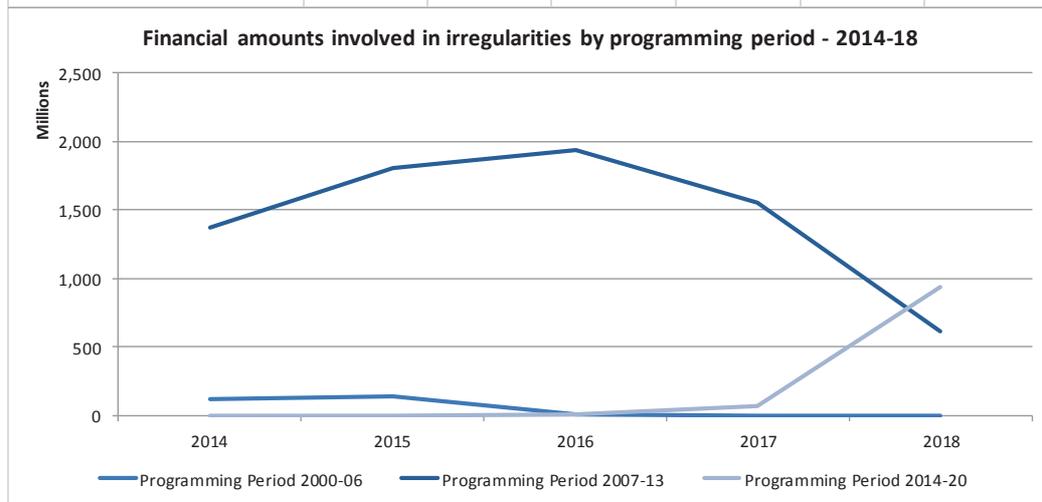
Table CP3 offers an overview by PP and fund of the financial amounts involved in irregularities detected and reported to the EC over the last five years. While the number of

⁹² When support is based on multi-annual programmes, it can be expected that the number of irregularities increases around the end of the eligibility period and decreases afterwards, when routine controls are less intense. In general, it should be kept in mind that increases in the number of reported irregularities can be influenced by detection capacity building by the Member State.

reported irregularities peaked in 2015 and significantly decreased in the following years, the involved financial amounts were stable in 2016, before declining at a much slower pace. This trend implied an accelerating raise of the average financial amounts (AFA) (+23% in 2016, +30% in 2017 and +141% in 2018).

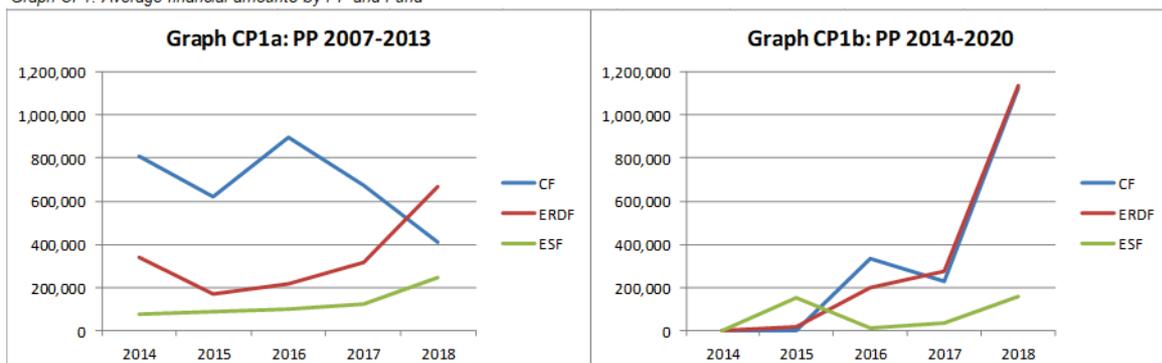
Table CP3: Financial amounts related to irregularities reported between 2014 and 2018 by programme period - Cohesion and Fisheries Policies

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2014	2015	2016	2017	2018	
	EUR	EUR	EUR	EUR	EUR	EUR
Programming Period 2014-20	0	166,544	5,180,422	73,907,137	942,576,224	1,021,830,327
CF	0	0	671,052	8,740,375	129,331,113	138,742,540
ERDF	0	15,872	3,152,621	57,478,778	769,877,488	830,524,759
ESF	0	150,672	1,188,821	7,410,101	41,591,511	50,341,105
EMFF	0	0	167,928	277,883	1,776,112	2,221,923
Programming Period 2007-13	1,369,377,587	1,812,174,518	1,938,914,144	1,550,856,377	613,285,853	7,284,608,479
CF	224,005,963	288,422,339	393,673,569	280,010,143	37,148,603	1,223,260,617
ERDF	1,031,337,752	1,372,948,645	1,377,044,647	1,149,265,749	516,526,794	5,447,123,587
ESF	105,947,027	129,243,272	139,879,651	98,258,959	57,120,804	530,449,713
EFF	8,086,845	21,560,262	28,316,277	23,321,526	2,489,652	83,774,562
Programming Period 2000-06	123,654,219	136,379,227	12,438,335	4,038,015	3,702,428	280,212,224
CF	13,871,745	1,332,039	3,412,302	1,915,597	0	20,531,683
ERDF	96,859,496	85,124,212	5,252,772	827,746	3,675,788	191,740,014
ESF	7,642,494	48,459,535	137,061	1,228,806	26,640	57,494,536
FIFG	0	857,372	0	0	0	857,372
GUID	5,280,484	606,069	3,636,200	65,866	0	9,588,619
Programming Period 1994-1999	229,661	474,024	6,430	0	0	710,115
ERDF	12,110	474,024	6,430	0	0	492,564
GUID	217,551	0	0	0	0	217,551
TOTAL	1,493,261,467	1,949,194,313	1,956,539,331	1,628,801,529	1,559,564,505	8,587,361,145



Graphs CP1 provide the details about the trend of AFAs for CF, ERDF and ESF in PP 2007-2013 and PP 2014-2020.

Graph CP1: Average financial amounts by PP and Fund



With reference to the Cohesion Fund, the financial amounts involved in irregularities related to PP 2007-2013 significantly increased in 2016 (+37%) while the financial amounts in 2018 were pushed by irregularities related to PP 2014-2020. The strong increase in 2016 was mainly due to one irregularity reported by Slovakia, where financial amounts exceeded EUR 150 million. Similarly, 36% of the financial amounts reported in 2018 with reference to PP 2014-2020 was involved in one irregularity detected in Slovakia.

With regard to the ERDF, there was a steep upward trend in the AFAs of the irregularities both in PP 2007-2013 (+25% in 2016, +46% in 2017 and +113% in 2018) and 2014-2020 (+309% in 2018). Taking into account the last 5 years as a whole, the AFA involved in irregularities related to PP 2014-2020 was much higher than that related to PP 2007-2013, but it is based on less irregularities and can be more easily affected by a low number of 'exceptional' cases; nearly EUR 600 million out of about 830 million (see Table CP3) were related to just 2 cases. Considering all cases reported during 2014-2018, the AFA of cases related to the ERDF was less than half of that of CF cases.

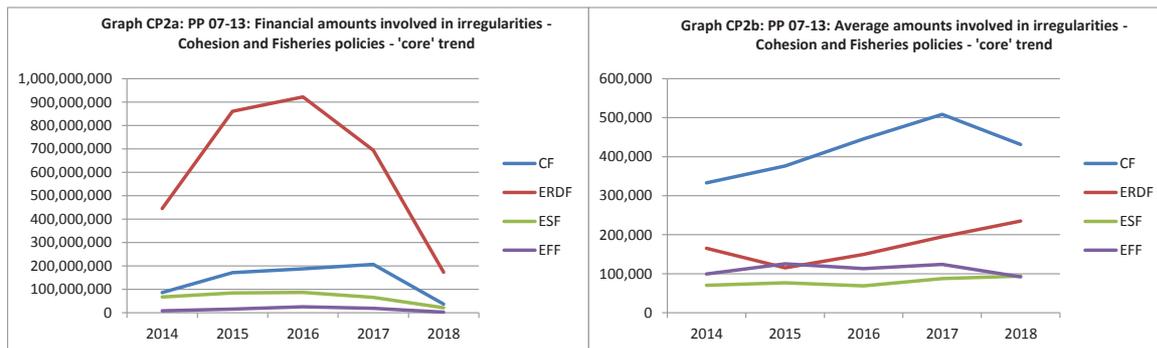
Concerning the ESF, in 2018, for PP 2007-2013, there were persisting high financial amounts reported despite a steep decrease in the number of irregularities reported (+104% in the AFA) and a strong increase of the financial amounts reported in the same year for PP 2014-2020 (+374% in the AFA). However, concerning PP 2007-2013, this is mainly due to one irregularity reported by Portugal, representing about 60% of all relevant financial amounts reported in 2018. Data for PP 2014-2020 is less affected by single cases, but one irregularity accounted for about 30% of all relevant financial amounts reported in 2018 (three irregularities accounted for about 50%).

Given the above, even if data on AFAs might point to some improvement in the targeting of control activities (see Graphs CP1), the trend of the financial amounts must always be assessed while bearing in mind that it can be strongly influenced by single observations of significant value. During 2014-2018, cases which involved over EUR 5 million represented less than 1% in terms of numbers, but 44% in terms of amounts.⁹³ 71% of these cases concerned the ERDF, while 21% concerned the Cohesion Fund. In such a context, where a significant portion of the financial amounts is linked to a relatively low number of cases, fluctuations are more likely and should not be misinterpreted.

In an attempt to isolate the 'core' trends, Graphs CP2 show the financial amounts and AFAs during the last five years, where the first and the last percentiles are excluded from the analysis⁹⁴. In Graphs CP2, PP 2007-2013 and PP 2014-2020 are kept separate. For PP 2007-2013, the AFAs involved in cases related to ESF and EFF have been relatively stable during the last five years, while those involved in irregularities related to CF and ERDF have been following upward trends.

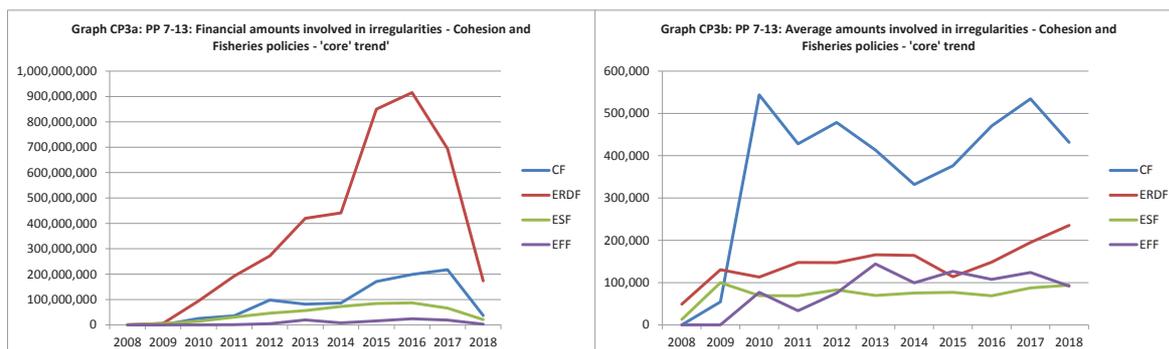
⁹³ There were just 32 cases over EUR 20 million accounting for 24% of the financial amounts.

⁹⁴ Only cases with financial amounts involved greater than EUR 10 000 are considered (about reporting of cases below the reporting threshold, see first part of this Section). The remaining cases reported in 2014-2018 were split by fund and then sorted by financial amount involved in the irregularity. Then, separately for each fund, the largest (1%) and the smallest (1%) of these cases were excluded.



Extending the analysis to the whole programming period (Graph CP3), it can be noticed that:

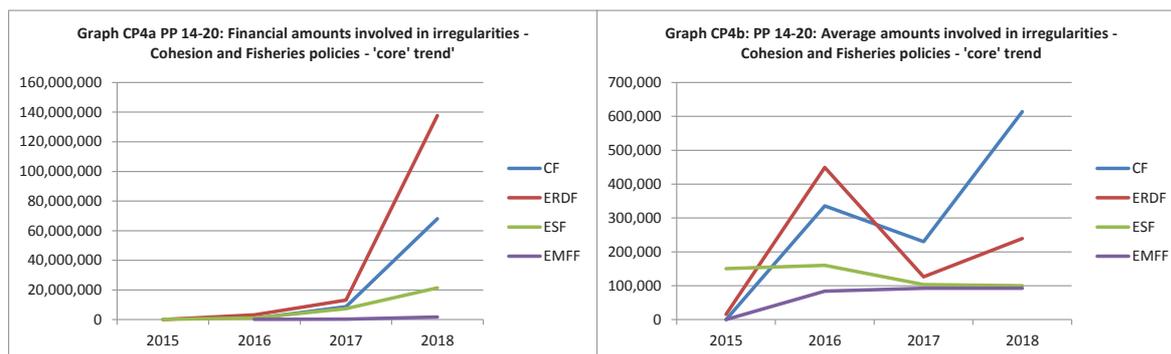
- the rising trend of CF AFA started in 2015 after four years when it had continuously decreased, with the exception of 2012, from the peak it had reached during the fourth year of implementation (2010);
- The ERDF AFA followed a more stable rising trend, which accelerated since 2016 and has not reverted yet;
- during the third year of implementation (2009), the ESF AFA jumped to the level where it remained quite stable until 2018;
- The EFF AFA continuously rose (with the exception of 2011) until the seventh year of implementation (2013) and then it remained quite stable until 2018.



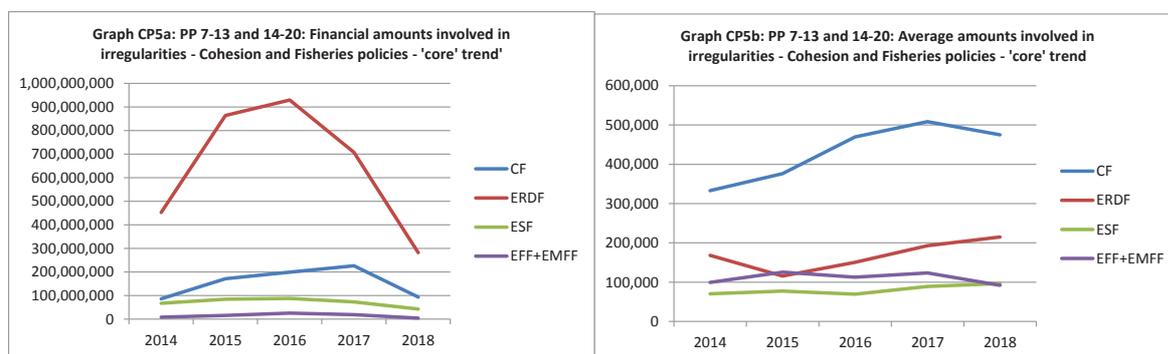
Graph CP4b suggests similar patterns in relation to PP 2014-2020:

- CF AFA has experienced a sharp rise, which differently from PP 2007-2013 briefly stopped in 2017 before strongly resuming in 2018. If the PP 2007-2013 patterns are confirmed for this programming period, as the number of controls increase towards a peak that could be reached in 2022-2023, the CF AFA may be expected to decrease, but improvements in terms of risk analysis for targeting controls could induce different patterns. So far, apart from 2017, CF AFA for PP 2014-2020 has been higher than in the corresponding years of the previous programming period;
- The trend of ERDF AFA is similar to that recorded for PP 2007-2013, even if the ups and downs have been more 'extreme' for PP 2014-2020. However, it should be considered that, for example, the peak for ERDF in 2016 was just based on 7 irregularities. 2018 is the fifth year of implementation. At the same time of PP 2007-2013, a rising trend started that has not stopped yet (with the exception of 2015). Improvements in terms of risk analysis for targeting controls might sustain a similar pattern also for the current programming period. So far, ERDF AFA for PP 2014-2020 has been higher than that for the previous programming period;

- ESF and EMFF AFA follow more stable patterns.

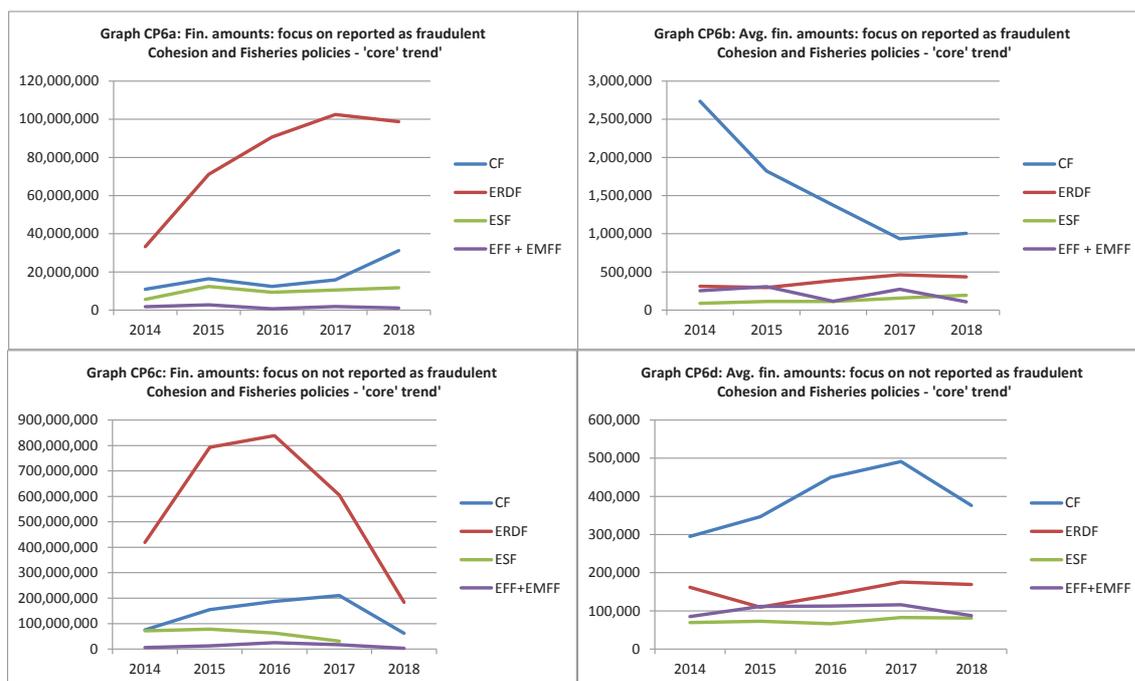


For the years 2014-2018, PP 2007-2013 and PP 2014-2020 are considered together in Graphs CP5, which confirm the rise of the AFAs of irregularities related to CF and ERDF.



Graphs CP6 deepen the analysis of the AFAs, making the distinction between irregularities reported as fraudulent and not reported as fraudulent.⁹⁵ For all funds, the AFAs involved in fraudulent irregularities was constantly and, in particular for CF and ERDF, significantly higher than those related to non-fraudulent irregularities. This underlines the importance of co-operation with the judicial authorities in protecting the EU financial interests.

⁹⁵ To this aim, the set of data at the basis of CP5a and CP5b has been split between fraudulent (CP6a and CP6b) and not fraudulent (CP6c and CP6d) irregularities.



With respect to fraudulent irregularities, the AFAs involved in CF cases plummeted from a peak in 2014, while remaining at a level that is still double the one related to ERDF cases. The AFA involved in ERDF cases increased significantly during the last five years.

With respect to non-fraudulent irregularities, the AFA involved in CF cases followed the opposite trend: it strongly increased from 2014 to 2017 and in 2018, while decreasing, it remained at a level that is significantly higher than in 2014. The AFA involved in ERDF cases has been increasing since 2015 and was stable in 2018.

The findings reported above support the hypothesis of some improvement in the targeting of control activities, which could be underpinned and made durable by the implementation of the recommendations that have been made in last year's Report⁹⁶, in particular concerning risk analysis.

4.1.1. Irregularities reported as fraudulent

4.1.1.1. Trend by programming period

Table CP4 provides an overview by PP and fund of the irregularities reported as fraudulent in the last five years (2014-2018). In some cases, the Member States reported irregularities as non-fraudulent, while a penal procedure had been started. This may be due to the need to wait for some procedural steps before classifying the irregularity as fraudulent. These cases are not included as fraudulent in the analysis for this Report; considering them as such would increase the number of fraudulent irregularities by about 9% (3% in terms of financial amounts involved).

Irregularities reported as fraudulent have been following a stable trend since 2016. With respect to the peak in 2015, the number of the irregularities reported in 2018 has decreased by just 11%, while it is still 41% higher than the level in 2014.

This is the result of different dynamics with reference to different programming periods. During the last five years, while the fraudulent irregularities linked to the PP 2000-06 have

⁹⁶ Report from the Commission to the European Parliament and the Council – 29th Annual Report on the Protection of the European Union's Financial Interests – Fight against Fraud – 2017', COM(2018)553

been decreasing to reach nearly 0 since 2016, those linked to the PP 2007-13 have peaked in 2015, gradually decreased in the following years and dropped in 2018 so that in this year they were overcome by those related to PP 2014-2020. These dynamics were linked to the implementation cycle of PP 2007-2013 and the closure of PP 2000-2006. Reporting related to PP 2014-2020 basically started in 2017 and accelerated in 2018. Nearly 20% of all cases reported in 2018 were reported as fraudulent (about 15% for the period 2015-2018). These percentages are significantly higher than those referring to PP 2007-2013. This tendency to focusing on fraudulent behaviours is analysed further in the next Sections.

Table CP4: Number of irregularities reported as fraudulent between 2014 and 2018 by programming period - Cohesion and Fisheries Policies

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2014	2015	2016	2017	2018	
	N	N	N	N	N	
Programming Period 2014-20	0	1	2	31	210	244
CF	0	0	0	1	24	25
ERDF	0	0	0	7	134	141
ESF	0	1	2	23	41	67
EMFF	0	0	0	0	11	11
Programming Period 2007-13	213	397	354	307	149	1,420
CF	6	9	10	17	7	49
ERDF	121	254	251	231	118	975
ESF	78	118	84	51	23	354
EFF	8	16	9	8	1	42
Programming Period 2000-06	44	10	4	3	4	65
ERDF	8	2	2	0	4	16
ESF	29	7	0	3	0	39
GUID	7	1	2	0	0	10
Programming Period 1994-99	1	0	0	0	0	1
GUID	1	0	0	0	0	1
TOTAL	258	408	360	341	363	1,730

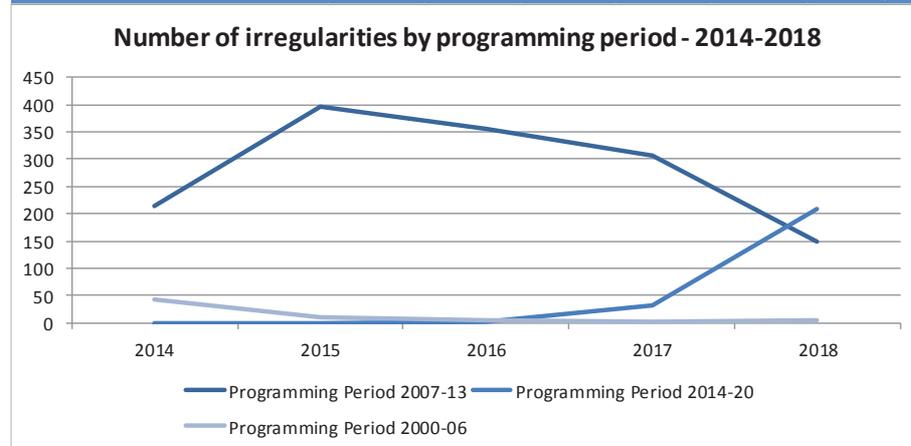
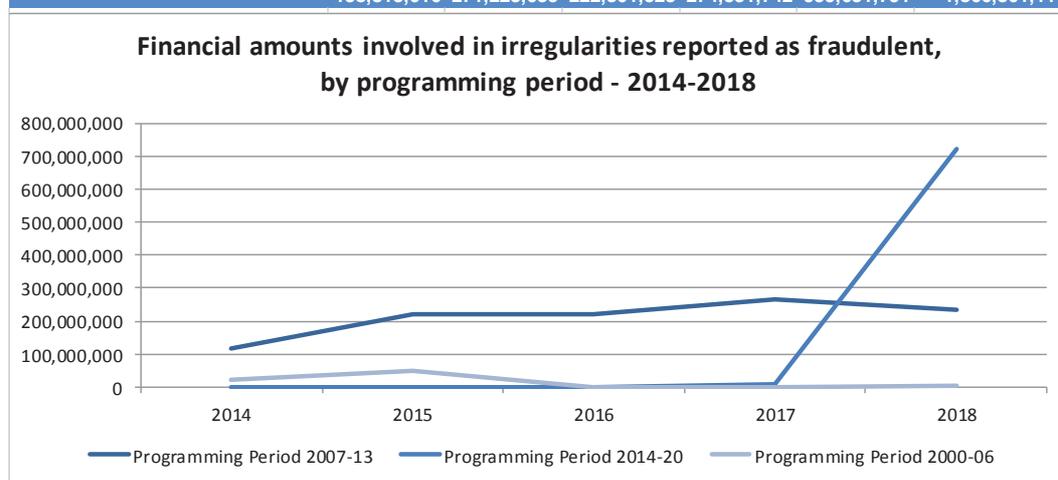


Table CP5 provides an overview by PP and Fund of the financial amounts involved in cases reported as fraudulent. As already indicated on several occasions, the trend of the financial amounts is more subject to fluctuations due to the possibility of individual cases involving high amounts. While the number of irregularities peaked in 2015, the involved financial amounts resumed strong growth in 2017 and skyrocketed in 2018. Growth in 2017 was mainly pushed by PP 2007-2013 (all funds). In 2018, PP 2007-2013 continued to contribute to growth through the ESF, whose financial amounts increased again, but this was due to one case reported by Portugal, where exceptional financial amounts were involved. For PP 2014-2020, as it could be expected, in 2018 the financial amounts involved in fraudulent irregularities increased for all funds, but the increase related to the ERDF was extreme. This was mainly due to two irregularities reported by Slovakia, accounting for nearly EUR 600 million. However, also net of these cases, the financial amounts involved in ERDF cases would have increase by about EUR 107 million, which is still significant.

Table CP5: Financial amounts related to the irregularities reported as fraudulent between 2014-2018 by programming period - Cohesion and Fisheries Policies

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2014	2015	2016	2017	2018	
	EUR	EUR	EUR	EUR	EUR	EUR
Programming Period 2014-20	0	150,672	382,136	10,279,119	720,991,237	731,803,164
CF	0	0	0	761,082	16,755,873	17,516,955
ERDF	0	0	0	5,232,154	696,119,157	701,351,311
ESF	0	150,672	382,136	4,285,883	7,054,802	11,873,493
EMFF	0	0	0	0	1,061,405	1,061,405
Programming Period 2007-13	115,310,877	222,969,922	221,166,811	263,754,087	235,835,425	1,059,037,122
CF	38,962,780	16,411,304	12,375,609	29,458,717	14,414,775	111,623,185
ERDF	64,841,449	165,769,296	199,109,697	218,865,435	182,788,112	831,373,989
ESF	9,732,657	36,249,811	8,966,904	11,231,394	38,596,407	104,777,173
EFF	1,773,991	4,539,511	714,601	4,198,541	36,131	11,262,775
Programming Period 2000-06	23,356,284	48,102,445	752,576	298,536	2,805,129	75,314,970
ERDF	18,439,407	61,297	224,147	0	2,805,129	21,529,980
ESF	4,461,373	47,822,953	0	298,536	0	52,582,862
GUID	455,504	218,195	528,429	0	0	1,202,128
Programming Period 1994-99	145,855	0	0	0	0	145,855
GUID	145,855	0	0	0	0	145,855
	138,813,016	271,223,039	222,301,523	274,331,742	959,631,791	1,866,301,111



Focusing on PP 2007-2013, the financial amounts involved in irregularities reported as fraudulent for the ERDF were predominant (79% in 2014-2018), also due to the high share of EU financing that is channel through this fund. A similar trend was emerging also with reference to PP 2014-2020.

4.1.1.2. Trend by Fund

The analysis of the same data presented in Tables CP4 and CP5 but focussed on the distribution of the irregularities reported as fraudulent by Fund (Tables CP6 and CP7), highlights the following situations:

- (1) ERDF: This fund was impacted by the highest number of cases and absolute financial amounts (but not relative to payments). 2015 witnessed a jump in the total number of irregularities (+98% with respect to 2014). Since then, the number of fraudulent irregularities detected in the Member States remained at this new higher level. In 2018, this was possible because the drop of new cases related to PP 2007-2013 was compensated by the sharp rise of the number of irregularities detected in relation to PP 2014-2020 (see also Section 4.1.3 about a comparison between PP 2007-2013 and PP 2014-2020).

Instead of peaking in 2015, the financial amounts continued to increase until 2018, when they literally burst. The extreme rise in 2018 was strongly influenced by the two irregularities reported by Slovakia (summing up to nearly EUR 600 million). However,

even net of these two cases, the increase from 2017 would still be noticeable (+31%). The AFA significantly increased during 2016-2018, by about 20% each year (considering 2018 net of 2 cases where exceptional financial amounts were involved – see also Graph CP5b);

- (2) ESF: 2015 witnessed a peak in the total number of irregularities (+18% with respect to 2014), after which it declined at a sustained pace. The variations in the related financial amounts were much more accentuated and did not necessarily follow the changes in numbers.

In 2015, the financial amounts recorded an increase of nearly 500%. This was influenced by a sudden, isolated and extreme rise related to PP 2000-2006, based on 2 'exceptional' irregularities reported by Italy and accounting for more than EUR 40 million (out of EUR 48 million). In addition, while the number of cases related to PP 2007-2013 increased by 50%, the financial amounts increased nearly fourfold. Also in this case, the disproportionate rise of the financial amounts was mainly due to one 'exceptional' irregularity, this time reported by Portugal.⁹⁷ The following two years, the financial amounts dropped back, before bouncing up in 2018 (+188% with respect to 2017). Again, this jump in 2018 was due to one irregularity reported by Portugal where exceptional financial amounts were involved⁹⁸;

- (3) Potential frauds affecting the Cohesion fund are now reported regularly (since 2010), and from 2016 to 2018 they tripled, in terms of number, and more than doubled, in terms of financial amounts. Fluctuations of the amounts, however, can be particularly significant in respect of these cases, because of fewer cases and high amounts involved in the projects financed by the Cohesion Fund.

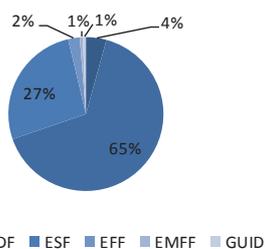
⁹⁷ Meaning an irregularity where the financial amounts involved exceeded EUR 10 million. Getting a broader view, it can be noticed that two irregularities reported by Portugal, accounted together for nearly EUR 20 million.

⁹⁸ This time, the irregularity reported as fraudulent involved more than EUR 30 million.

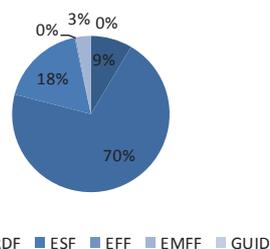
Table CP6: Number of irregularities reported as fraudulent between 2014-2018 by Fund - Cohesion and Fisheries Policies

FUND	REPORTING YEAR					TOTAL PERIOD
	2014	2015	2016	2017	2018	
	EUR	EUR	EUR	EUR	EUR	EUR
CF	6	9	10	18	31	74
ERDF	129	256	253	238	256	1,132
ESF	107	126	86	77	64	460
EFF	8	16	9	8	1	42
EMFF	0	0	0	0	11	11
GUID	8	1	2	0	0	11
TOTAL	258	408	360	341	363	1,730

Irregularities reported as fraudulent 2014-2018 by fund



Irregularities reported as fraudulent in 2018 by fund



Irregularities reported as fraudulent 2014-2018 by fund

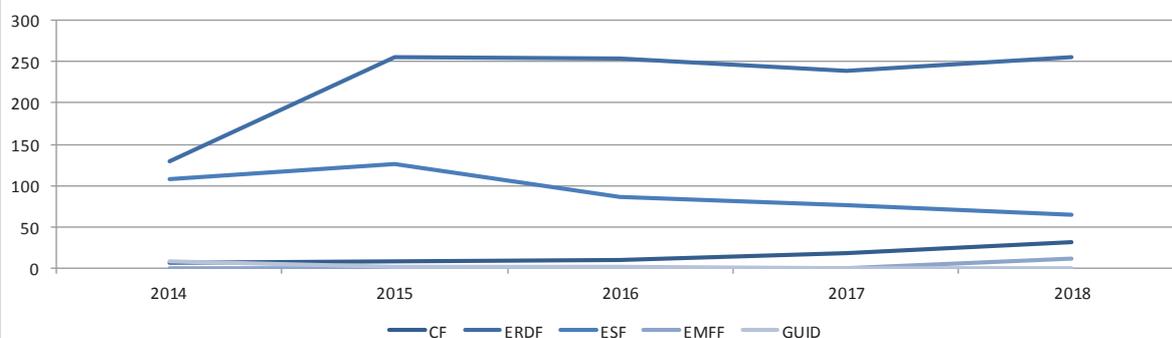
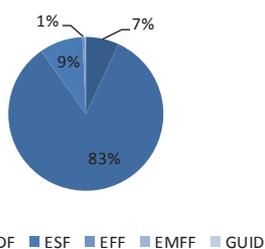


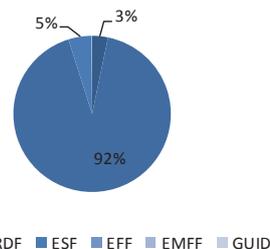
Table CP7: Financial amounts related to irregularities reported as fraudulent between 2014-2018 by Fund - Cohesion and Fisheries Policies

FUND	REPORTING YEAR					TOTAL PERIOD
	2014	2015	2016	2017	2018	
	EUR	EUR	EUR	EUR	EUR	EUR
CF	38,962,780	16,411,304	12,375,609	30,219,799	31,170,648	129,140,140
ERDF	83,280,856	165,830,592	199,333,843	224,097,589	881,712,397	1,554,255,278
ESF	14,194,029	84,223,436	9,349,040	15,815,813	45,651,208	169,233,527
EFF	1,773,991	4,539,511	714,601	4,198,541	36,131	11,262,775
EMFF	0	0	0	0	1,061,405	1,061,405
GUID	601,358	218,195	528,429	0	0	1,347,983
TOTAL	138,813,014	271,223,039	222,301,523	274,331,742	959,631,789	1,866,301,107

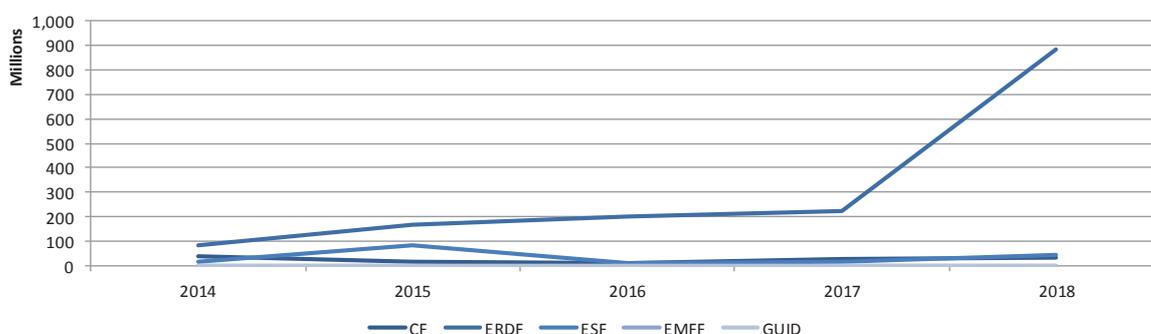
Irregularities reported as fraudulent 2014-2018 by fund



Irregularities reported as fraudulent in 2018 by fund



Financial amounts involved in irregularities reported as fraudulent 2014-2018 by fund



4.1.2. Irregularities not reported as fraudulent

Table CP8 provides an overview by PP and fund of the irregularities not reported as fraudulent in the last five years (2014-2018). Table CP9 shows the financial amounts involved in these irregularities. Once more, as already mentioned several times in relation to the financial amounts, fluctuations can happen more often, as they can be linked to individual irregularities or groups of irregularities of significant value, which produce distortive effects from one year to the next.

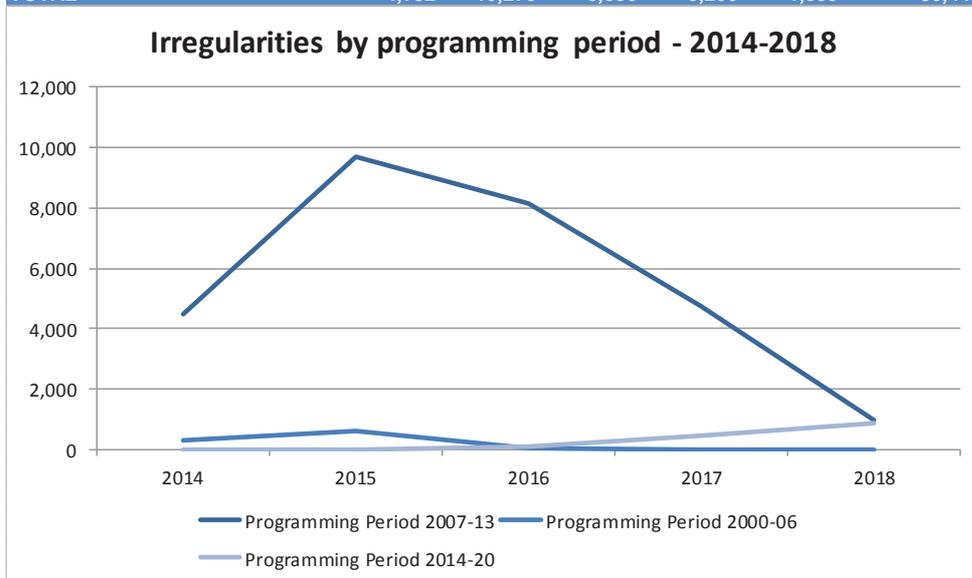
The reasons behind the high increase in 2015 have already been explained under Section 4.1.

After 2015, the decrease in the number of irregularities related to PP 2007-2013 was fast for the ERDF (as from 2016 and accelerating in 2017), the ESF (as from 2017) and the CF (as from 2016 and accelerating in 2018).⁹⁹ The financial amounts followed a different pattern and increased further in 2016, before rapidly falling as from 2017, but not as much as the number of irregularities.

⁹⁹ CF spending takes longer to implement, typically involving large infrastructure and environmental projects. Spending stretches until the very end of the eligibility period (i.e. 2015). Controls continue during the spending years. Spending under ERDF reached the 95% ceiling earlier for some MS, who stopped declaring expenditure until closure. This may have an impact on the timing of detection of the irregularities.

Table CP8: Number of irregularities not reported as fraudulent between 2014 and 2018 by programming period - Cohesion and Fisheries Policies

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2014	2015	2016	2017	2018	
	N	N	N	N	N	
Programming Period 2014-20	0	1	117	435	862	1,415
CF	0	0	2	37	91	130
ERDF	0	1	16	200	544	761
ESF	0	0	97	195	217	509
EMFF	0	0	2	3	10	15
Programming Period 2007-13	4,504	9,685	8,161	4,762	972	28,084
CF	272	455	428	397	83	1,635
ERDF	2897	7726	6155	3424	653	20,855
ESF	1256	1329	1325	756	207	4,873
EFF	79	175	253	185	29	721
Programming Period 2000-06	286	589	57	9	5	946
CF	33	6	2	1	0	42
ERDF	188	565	47	5	4	809
ESF	31	12	4	1	1	49
FIFG	0	1	0	0	0	1
GUID	34	5	4	2	0	45
Programming Period 1994-1999	2	1	1	0	0	4
ERDF	1	1	1	0	0	3
GUID	1	0	0	0	0	1
TOTAL	4,792	10,276	8,336	5,206	1,839	30,449

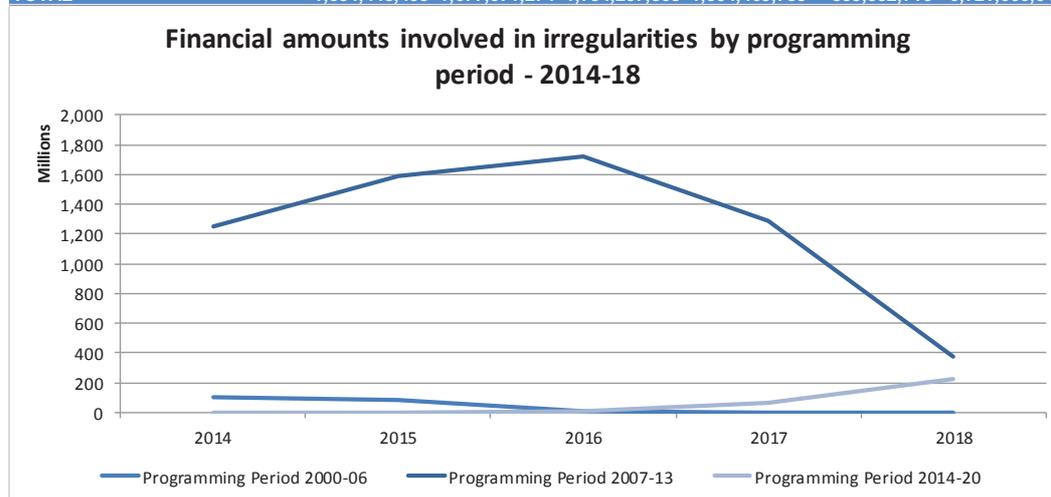


The AFAs for PP 2007-2013 have been experiencing different trends depending on the Fund: for the CF they have been decreasing since 2017, while for the ESF, 2018 is the first year of decrease after two years of rise. The AFAs of the ERDF have instead been increasing at an accelerated pace since 2016 (+23% in 2016, +42% in 2017 and +88% in 2018). As mentioned, these trends are influenced by few irregularities where 'exceptional' financial amounts were involved. Considering the fact that irregularities reported as fraudulent usually imply higher financial amounts, one may suppose that some of the cases notified as non-fraudulent might be reclassified later as potentially fraudulent.

The financial amounts reported in relation to PP 2000-2006 are fading towards zero. In 2016, the reporting of irregularities referring to PP 2014-2020 started and increased in 2017 and 2018, as implementation was progressing. Number and financial amounts were still low, but they can be expected to grow during next years, in line with the implementation cycle. Taking all Funds together, during the period 2014-2018, the AFA for PP 2014-2020 was quite lower than for PP 2007-2013.

Table CP9: Financial amounts related to irregularities not reported as fraudulent between 2014 and 2018 by programme period - Cohesion and Fisheries Policies

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2014	2015	2016	2017	2018	
	EUR	EUR	EUR	EUR	EUR	EUR
Programming Period 2014-20	0	15,872	4,798,286	63,628,018	221,584,988	290,027,165
CF	0	0	671,052	7,979,293	112,575,240	121,225,585
ERDF	0	15,872	3,152,621	52,246,624	73,758,331	129,173,449
ESF	0	0	806,685	3,124,218	34,536,709	38,467,612
EMFF	0	0	167,928	277,883	714,708	1,160,519
Programming Period 2007-13	1,254,066,711	1,589,204,596	1,717,747,332	1,287,102,291	377,450,429	6,225,571,359
CF	185,043,183	272,011,035	381,297,959	250,551,427	22,733,828	1,111,637,432
ERDF	966,496,303	1,207,179,349	1,177,934,950	930,400,314	333,738,682	4,615,749,598
ESF	96,214,371	92,993,461	130,912,747	87,027,565	18,524,398	425,672,542
EFF	6,312,854	17,020,751	27,601,676	19,122,985	2,453,521	72,511,787
Programming Period 2000-06	100,297,938	88,276,782	11,685,760	3,739,479	897,299	204,897,258
CF	13,871,745	1,332,039	3,412,302	1,915,597	0	20,531,683
ERDF	78,420,090	85,062,915	5,028,626	827,746	870,659	170,210,036
ESF	3,181,122	636,582	137,061	930,270	26,640	4,911,675
FIFG	0	857,372	0	0	0	857,372
GUID	4,824,981	387,874	3,107,771	65,866	0	8,386,492
Programming Period 1994-1999	83,806	474,024	6,430	0	0	564,260
ERDF	12,110	474,024	6,430	0	0	492,564
GUID	71,696	0	0	0	0	71,696
TOTAL	1,354,448,455	1,677,971,274	1,734,237,808	1,354,469,788	599,932,716	6,721,060,042



Graph CP6d in Section 4.1 shows, for the different funds, the 'core' trend of AFAs of irregularities not reported as fraudulent, taking PP 2007-2013 and PP2014-2020 together. AFA of CF strongly increased until 2017, before falling in 2018. Also the AFA of ERDF, which was constantly and significantly lower than that of CF, increased until 2017, but remained stable in 2018. The AFA of ESF and EFF/EMFF followed a flatter trend, which was still slightly increasing for ESF.

4.1.3. Irregularities reported in relation to the PP 2014-2020: comparison with PP 2007-2013

The current Programming Period started in 2014, about 5 years ago. Reporting of irregularities basically started in 2016 and increased in 2017 and 2018 (see Table CP2). To put this trend into perspective, it is worth comparing it with the number and financial amounts of the irregularities that were recorded during the first 5 years of PP 2007-2013. Tables CP10 and CP11 provide this information.¹⁰⁰

¹⁰⁰ Tables CP10 and CP11 include irregularities on the basis of the year to which the irregularity is associated, regardless of when it is reported. Typically, the irregularities reported during the first months of year x+1 refer to the year x. However, there can be cases where an irregularity reported later during the year x+1 is still associated to year x. In order to take this factor into consideration, all subsequent comparisons are based on irregularities associated to the first 5 years of implementation (2007-2011 – for PP 2007-2013 - or 2014-2018 –

Table CP10: Irregularities not reported as fraudulent: number and financial amounts involved - Cohesion and Fisheries Policies

	REPORTING YEAR					
PP 2007-2013	2007	2008	2009	2010	2011	Total
N	0	7	113	1,189	2,090	3,399
EUR	0	71,325	29,259,494	132,065,280	366,504,535	527,900,635
PP 2014-2020	2014	2015	2016	2017	2018	
N	0	1	117	435	862	1,415
EUR	0	15,872	4,798,286	63,628,018	221,584,988	290,027,164

Table CP11: Irregularities reported as fraudulent: number and financial amounts involved - Cohesion and Fisheries Policies

	REPORTING YEAR					
PP 2007-2013	2007	2008	2009	2010	2011	Total
N	0	0	47	45	109	201
EUR	0	0	126,917,164	27,880,634	118,193,373	272,991,171
PP 2014-2020	2014	2015	2016	2017	2018	
N	0	1	2	31	210	244
EUR	0	150,672	382,136	10,279,119	720,991,235	731,803,163

The following Graphs provide for an even more precise comparison based on the actual date of reporting.¹⁰¹ In any case, it must be borne in mind that this comparison is affected by the fact that the irregularities related to PP 2007-2013 are more 'mature' than irregularities related to PP 2014-2020, which have been just reported. The number and the financial amounts involved in the irregularities related to PP 2007-2013 are the result of several years of investigation (after detection) that brought into the picture additional information to confirm or refute the hypothesis that an irregularity had been perpetrated¹⁰², to classify the irregularity (fraudulent or non-fraudulent), to quantify the financial amounts actually involved, etc.

As shown by Graph CP7, after about 5 years for the start of the programming period, the number of irregularities reported as fraudulent was higher for PP 2014-2020 than for PP 2007-2013. There was a slower start of detection related to the current programming period, but during the fifth year of implementation there was a strong acceleration that filled the gap. The comparison is more difficult in terms of financial amounts (see Graph CP8) because of the impact of a few cases with exceptional financial amounts involved. The financial amounts reported in relation to PP 2014-2020 are much higher than the previous PP, but there was a noticeable jump at the beginning the fifth year of implementation due to the two cases already mentioned above, which summed up to about EUR 600 million. However, it should be noticed that also PP 2007-2013 experienced a similar, even if smaller, jump, because, at the end of the fourth year of implementation, a case where about EUR 120 million were involved was reported. Taking these outliers out of the analysis, the financial amounts involved in the fraudulent irregularities reported within PP 2014-2020 were still higher than

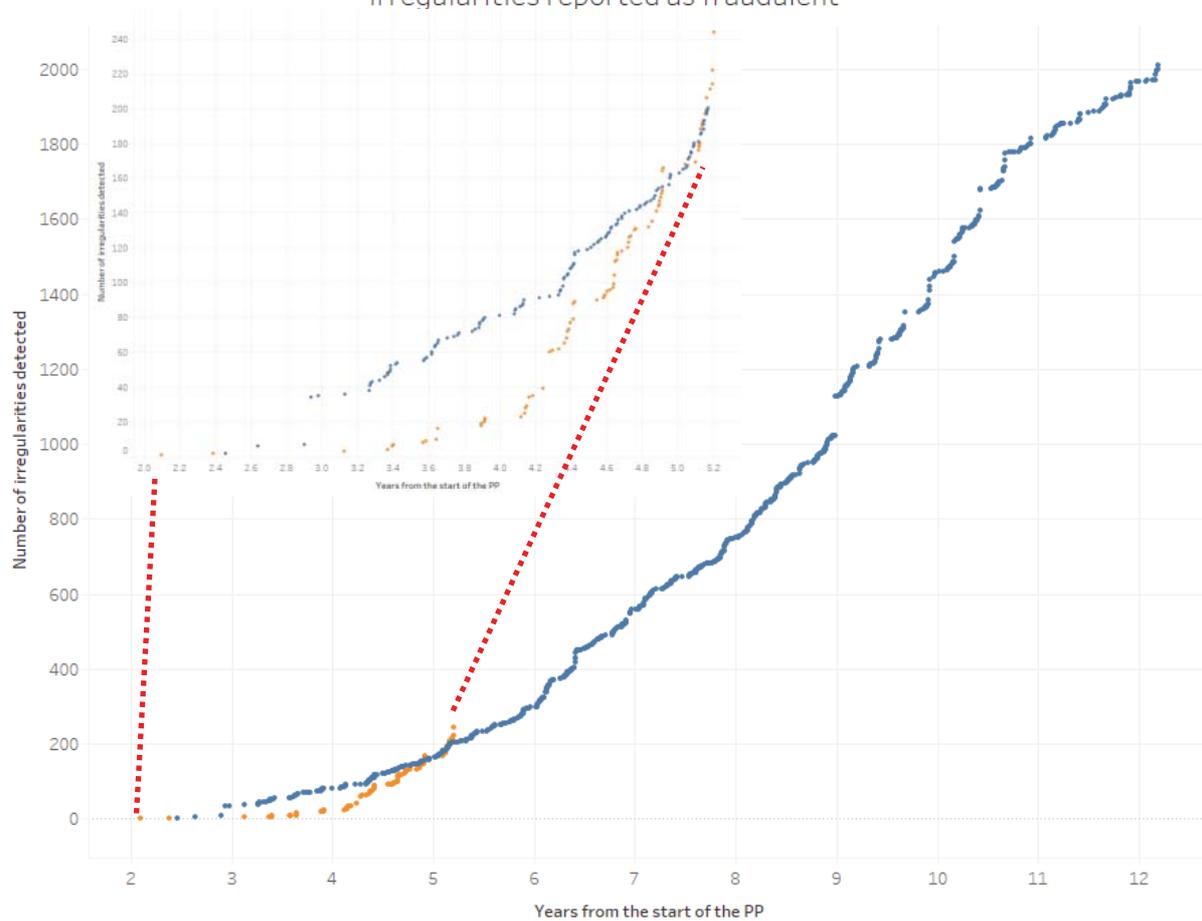
for PP 2014-2020) AND reported by the 15/3/2012 (for PP 2007-2013) or 15/3/2019 (for PP 2014-2020). See also next footnote. Together with inclusion or not of the fisheries policy, this justifies differences between figures reported in Tables CP10 and CP11 and figures reported later in this report.

¹⁰¹ For PP 2014-2020, irregularities reported until 15/3/2019 - which is the date when data was extracted from IMS for the analysis – are considered. This does not include irregularities referring to the year 2019. For PP 2007-2013, irregularities reported until 15/3/2012 are considered. This does not include irregularities referring to the year 2012 or later.

¹⁰² For example, it is possible that data related to PP 2014-2020 now includes a number of irregularities that during the next years will be cancelled (as investigations will possibly ascertain that no irregularity was committed). Irregularities related to PP 2007-2013 have already undergone this process, as we are considering them after 8-12 years from their initial reporting. The same applies to the classification as fraudulent or non-fraudulent, etc.

the financial amounts reported within PP 2007-2013 during the same period after the start of the programming period.

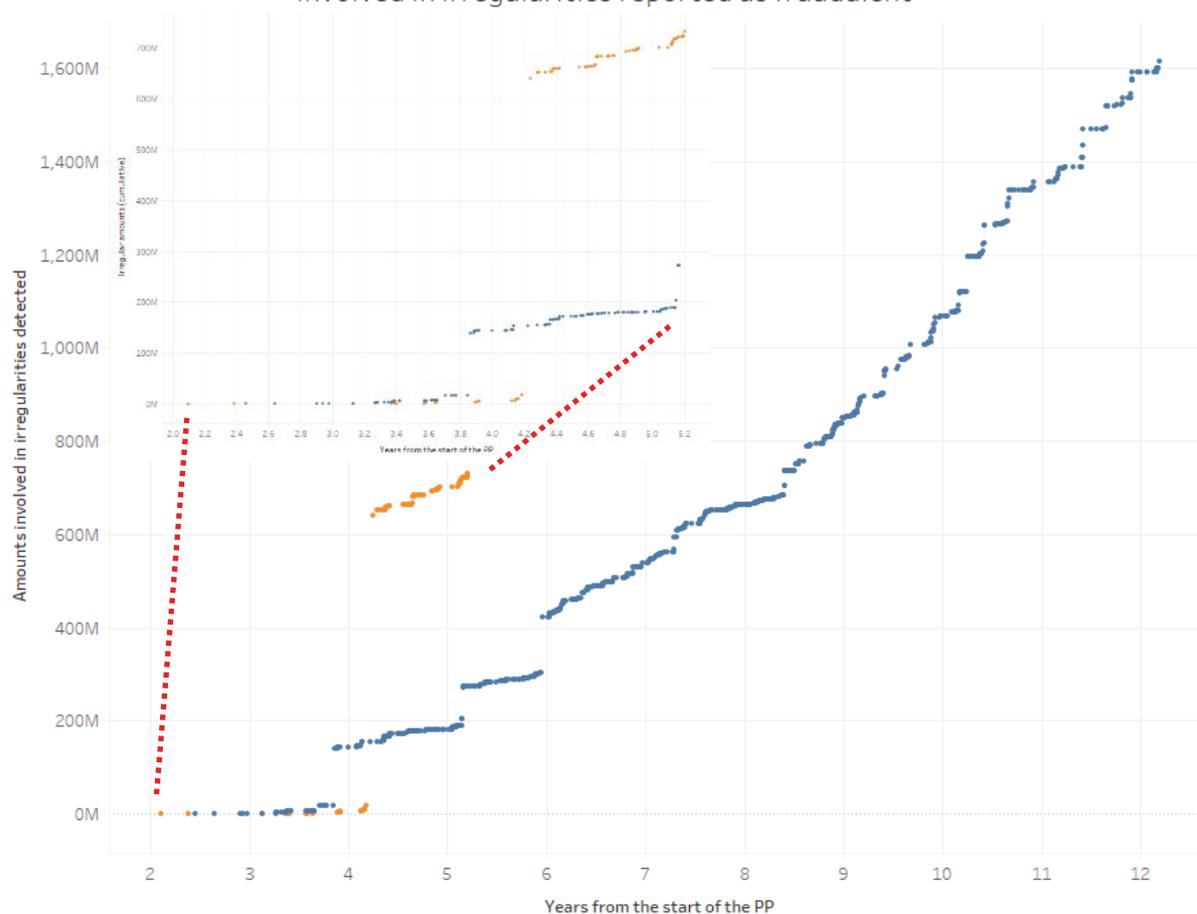
Graph CP7: Comparison between detection for PP 2007-2013 and PP 2014-2020 -Number of irregularities reported as fraudulent



1.3 Programming period

- 2007-2013
- 2014-2020

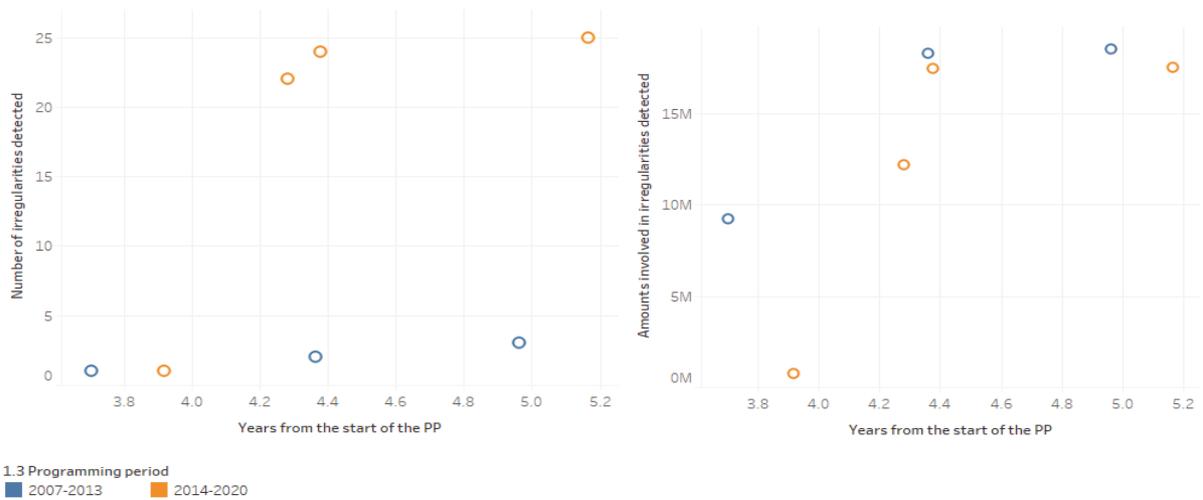
Graph CP8: Comparison between detection for PP 2007-2013 and PP 2014-2020 - Amounts involved in irregularities reported as fraudulent



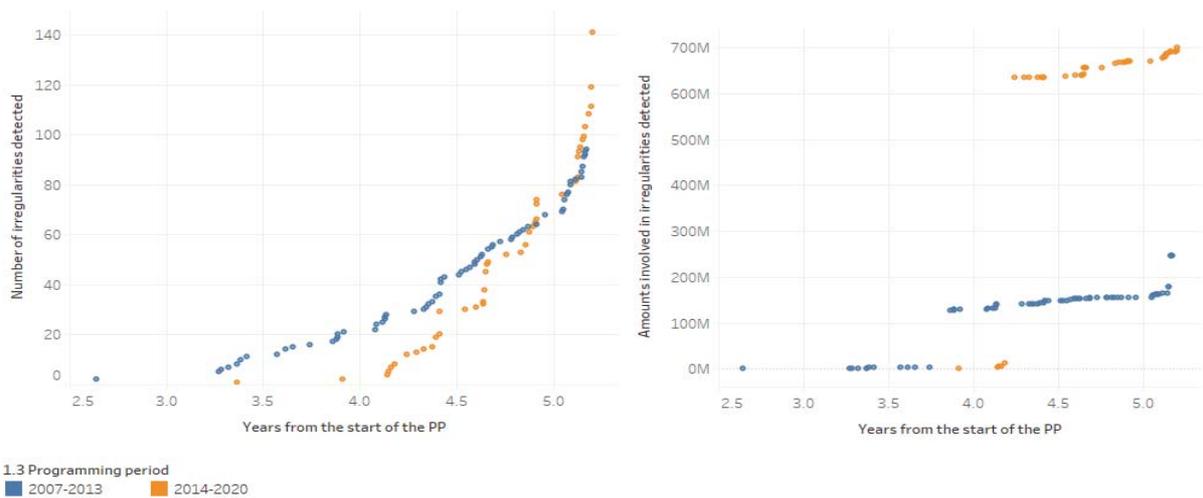
1.3 Programming period
 ■ 2007-2013
 ■ 2014-2020

This is the outcome of different patterns followed by different funds (see Graphs CP9a-CP9c). The irregularities reported as fraudulent in relation to CF and ERDF significantly increased, while those related to the ESF have been lagging behind by a rather stable number of cases. However, the financial amounts associated to the fraudulent irregularities related to ESF for PP 2014-2020 were considerably higher than those for PP 2007-2013. The irregularities related to the fisheries policy have been 11 for PP 2014-2020, while for PP 2007-2013 only one irregularity had been reported.

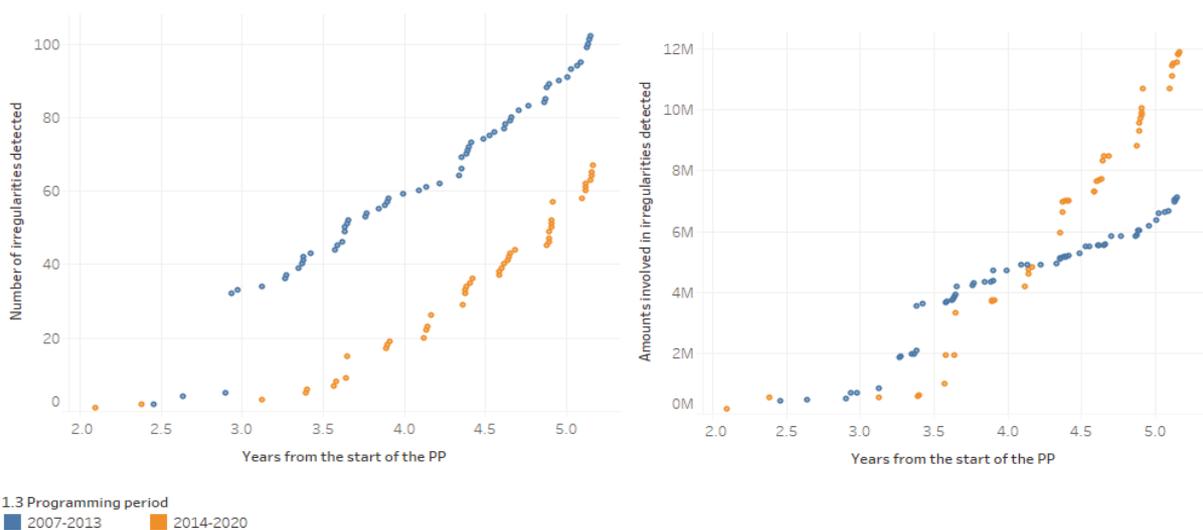
Graph CP9a: CF - Comparison PP 2007-2013 - PP 2014-2020 - Irregularities reported as fraudulent



Graph CP9b: ERDF - Comparison PP 2007-2013 - PP 2014-2020 - Irregularities reported as fraudulent



Graph CP9c: ESF - Comparison PP 2007-2013 - PP 2014-2020 - Irregularities reported as fraudulent

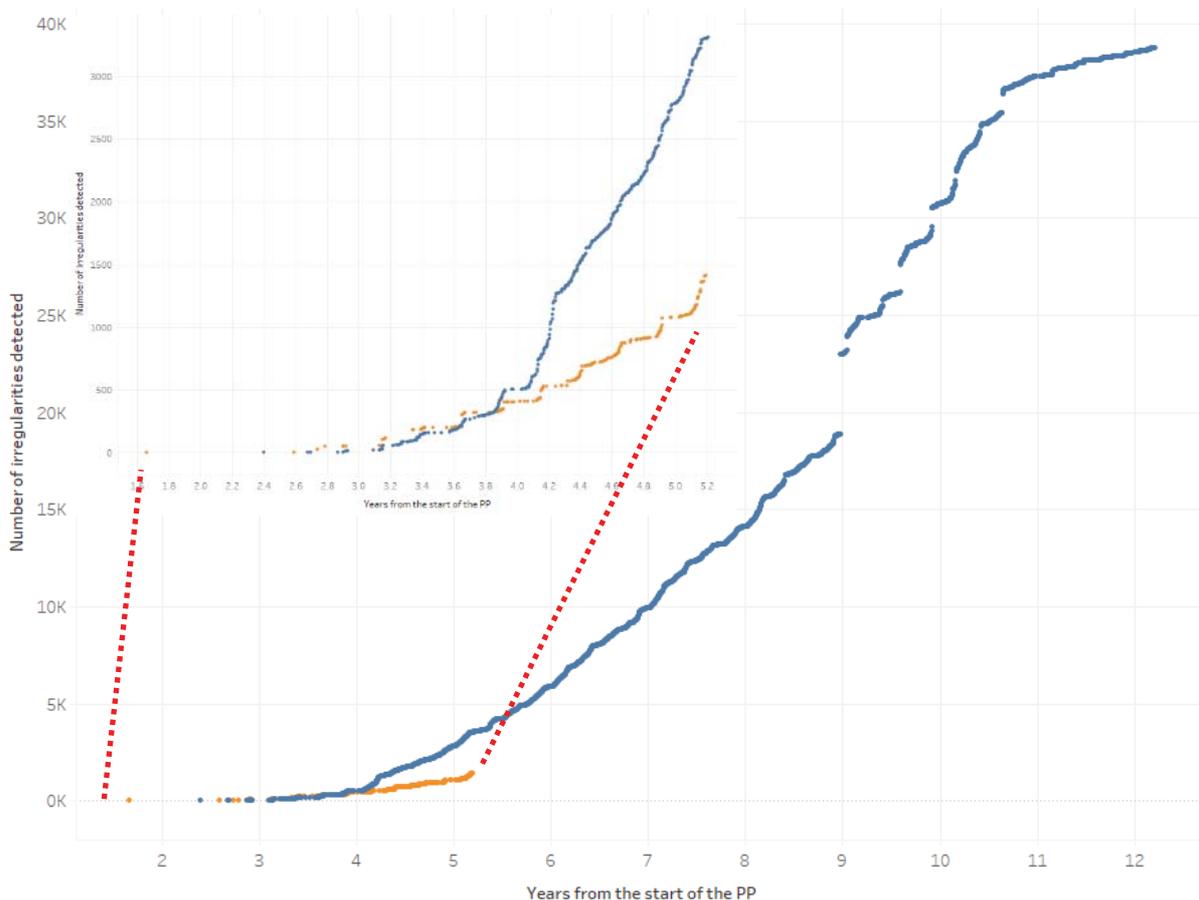


While the increase of CF fraudulent irregularities was mostly due to detections in Slovakia, the increase of ERDF fraudulent irregularities had a broader basis: 13 Member States

recorded an increase (in particular, Hungary with 35 cases more than PP 2007-2013, followed by Slovakia – +12 – Czech Republic - +11 – and Poland - +10) and 9 Member States a decrease (in particular the UK with 12 cases less than PP 2007-2013). For the ESF, about half of the Member States have not reported any fraudulent case related to PP 2014-2020 and had done the same after a comparable amount of time after the start of PP 2007-2013. For the rest, 6 Member States recorded an increase and 9 Member States a decrease. These changes have been significant for Germany (minus 48 cases¹⁰³), Poland (plus 37 cases, evenly spread during the fourth and fifth year of implementation) and, to a lesser extent, Bulgaria (minus 12, due to no reporting for PP 2014-2020).

The irregularities not reported as fraudulent showed a completely different behaviour. The decrease in the number and financial amounts reported after 5 years from the start of the programming period is striking (see CP10 and CP11). This significant difference between PP 2007-2013 and the current 2014-2020 warrants for further analysis.

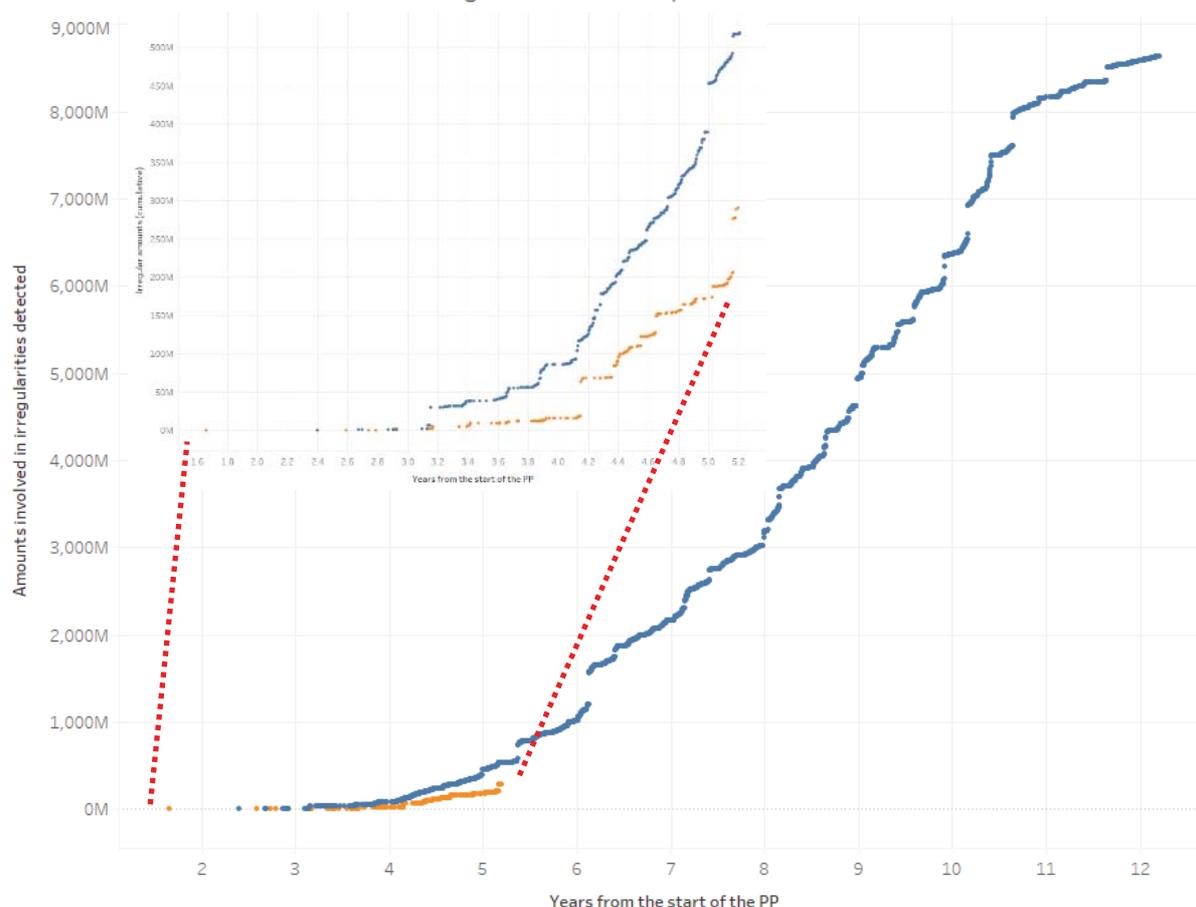
Graph CP10: Comparison between detection for PP 2007-2013 and PP 2014-2020 -Number of irregularities not reported as fraudulent



1.3 Programming period
 ■ 2007-2013
 ■ 2014-2020

¹⁰³ Germany reported about 30 fraudulent irregularities towards the end of the third year of implementation of PP 2007-2013, which is the reason for the jump of the related curve in Graph CP9c). A similar pattern did not emerge in PP 2014-2020.

Graph CP11: Comparison between detection for PP 2007-2013 and PP 2014-2020 - Amounts involved in irregularities not reported as fraudulent



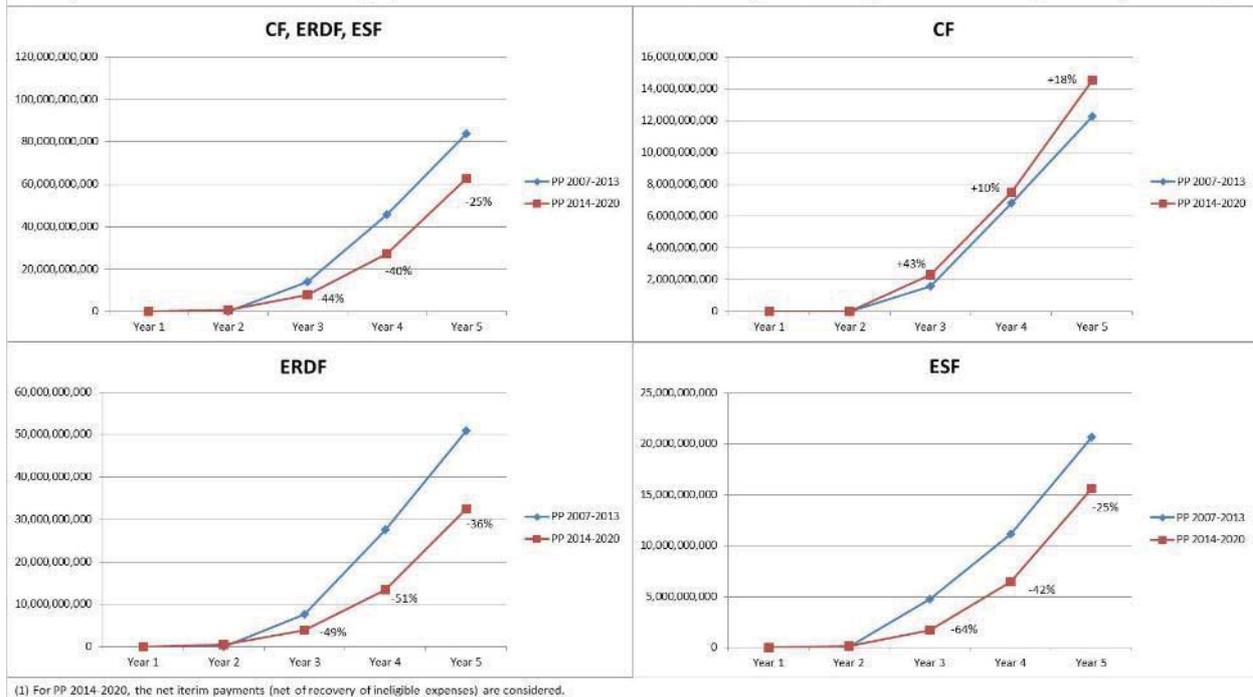
1.3 Programming period
 ■ 2007-2013
 ■ 2014-2020

The number and related amounts of irregularities not reported as fraudulent can be influenced by the state of implementation of the programming period. An indicator to gauge the state of implementation may be the interim payments that have been made to the Member States, as these payments should reflect the progression of eligible expenditure.¹⁰⁴ This is shown by Graph CP12, including CF, ERDF and ESF, which absorb most of the financial resources.¹⁰⁵

¹⁰⁴ It should be considered that with PP 2014-2020, an annual accounts system has been introduced. The accounting year starts on 1 July and ends on 30 June (except for the first accounting period). This might have changed the time gap between actual occurrence of expenses and interim payments by the EC. If it increased, at least part of the difference of the trends in interim payments for the 2 programming periods may be due to the difference in the reimbursement mechanisms rather than actual implementation delays.

¹⁰⁵ As mentioned, with PP 2014-2020, an annual accounts system has been introduced. In this new framework, reimbursement of interim payments is limited to 90 % of the amount resulting from applying the relevant co-financing rate to the expenditure declared in the payment request. However, the remaining 10 % is released after the yearly examination and acceptance of the accounts. In case this 10% is not attributed to the same year of the declaration of expenditure, this generates a slower pace of interim payments, which is not the result of a slower implementation of the programme.

Graph CP12: Cumulative Interim payments to the Member States during the first 5 years of the Programming Periods (1)



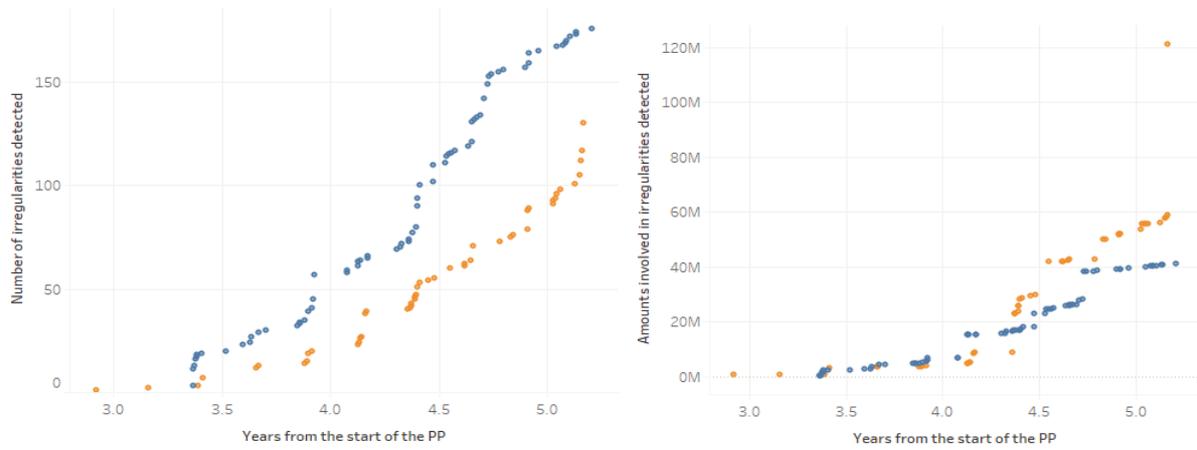
During the first 5 years from the start of PP 2014-2020 (from 2014 to 2018), the Member States have received less interim payments than during the first 5 years from the start of PP 2007-2013 (from 2007 to 2011). At the end of 2018, this (cumulative) gap still amounted to about -25%, but it was higher before (see CP12). This may contribute to explain the difference in terms of number of non-fraudulent irregularities, which is higher (about -60% - see Table CP10 and Graph CP10).

A closer look at Graph CP10 and the underlying data reveals that a significant share of the gap is due to a sudden acceleration in the number irregularities related to 2010 (fourth year of implementation of PP 2007-2013), which were reported at the beginning of 2011. More than half of this jump was due to irregularities reported by two Member States (Greece and the UK – see also below Graph CP16). Then during the fifth year of implementation (2011) the number of irregularities continued to grow at a sustained pace. PP 2014-2020 followed a different pattern. There was no significant increase related to 2017 (fourth year of implementation, as it was 2010 for PP 2007-2013); reporting continued to raise at the same pace, instead of accelerating. At the beginning of 2019 (with reference to the year 2018, fifth year of implementation), a noticeable increase in the number of irregularities reported took place. This sudden growth was smaller than the one recorded for PP 2007-2013 after four (and not five) years from the start of the programming period (see above), but it might corroborate the hypothesis that, at least in part, this gap in reporting may have been influenced by delayed implementation of the programming period.

In Graphs CP 13-15, the irregularities not reported as fraudulent are split by fund. The widest gap is recorded for the ERDF, for which the irregularities reported were just one third of those reported during the first 5 years of PP 2007-2013. For the CF and ESF, there was still a significant gap with respect to PP 2007-2013, even if it was not as wide as for ERDF. Furthermore, for the CF this negative gap was decreasing, in terms of numbers, while the financial amounts reported in relation to PP 2014-2020 were significantly higher than those related to PP 2007-2013. For the ESF, the negative gap started to widen towards the end of fifth year of implementation, both in terms of number and financial amounts. Also for the

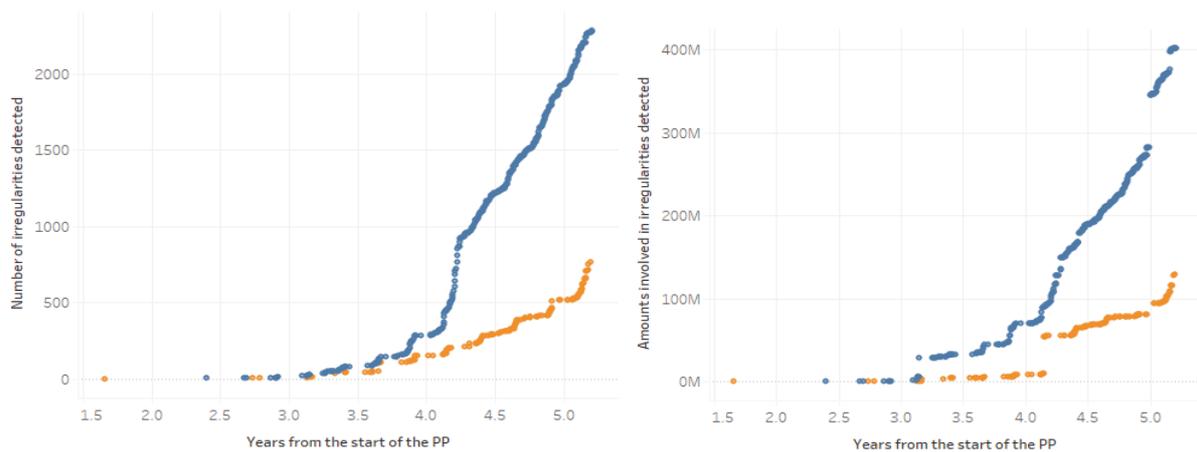
fisheries policy, the number of irregularities was decreasing (from 30 for PP 2007-2013 to 15 for PP 2014-2020) while the financial amounts were broadly stable around 1million.

Graph CP13: CF - Comparison PP 2007-2013 - PP 2014-2020 - Irregularities not reported as fraudulent



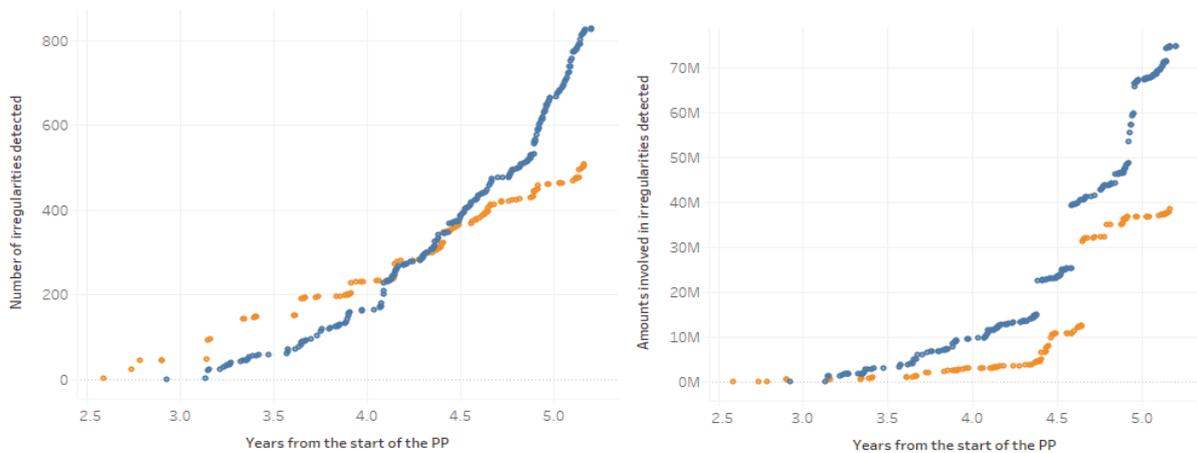
1.3 Programming period
 ■ 2007-2013 ■ 2014-2020

Graph CP14: ERDF - Comparison PP 2007-2013 - PP 2014-2020 - Irregularities not reported as fraudulent



1.3 Programming period
 ■ 2007-2013 ■ 2014-2020

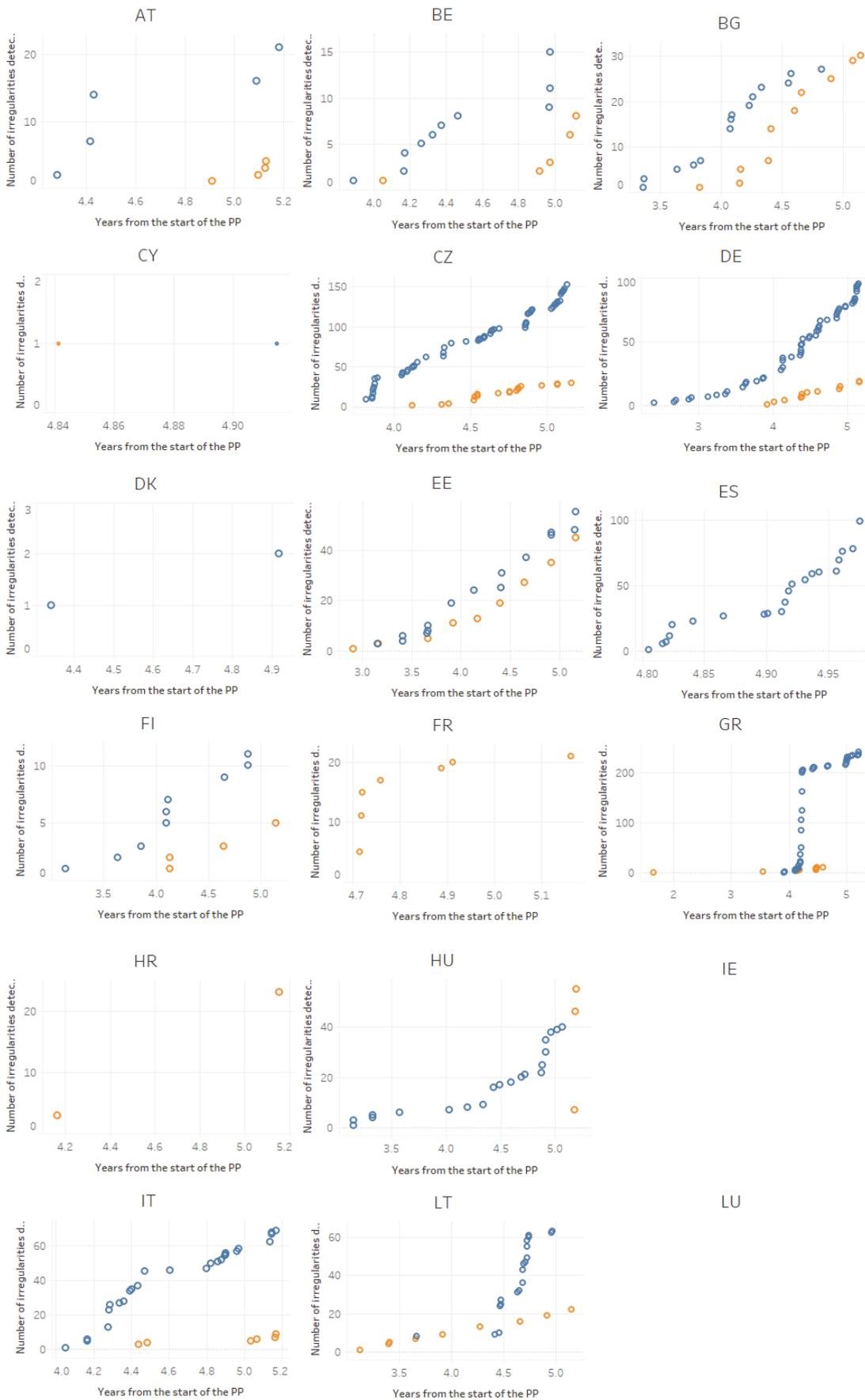
Graph CP15: ESF - Comparison PP 2007-2013 - PP 2014-2020 - Irregularities not reported as fraudulent

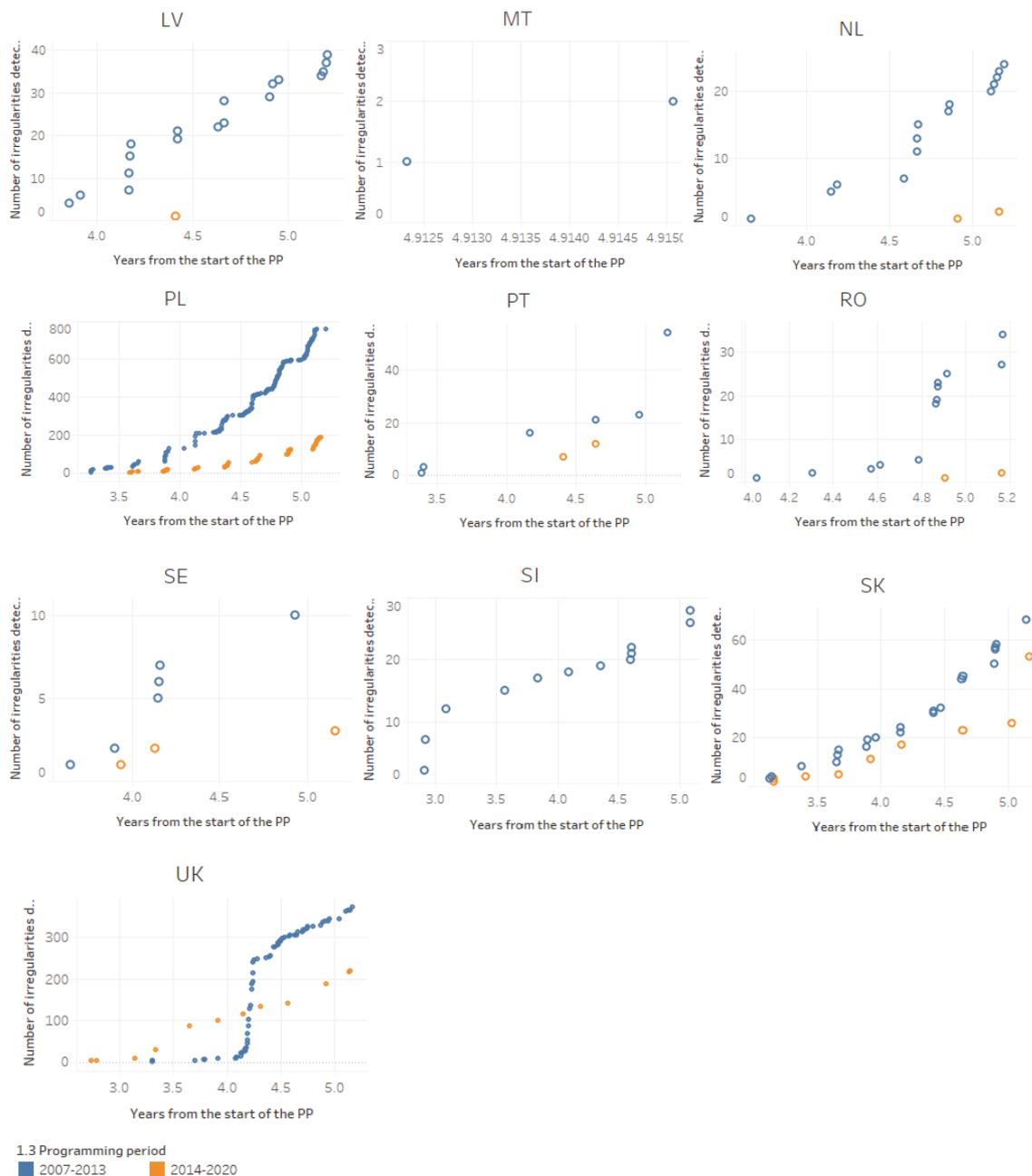


1.3 Programming period
 ■ 2007-2013 ■ 2014-2020

Given that ERDF showed the widest and most persistent gap between PP 2007-2013 and PP 2014-2020, Graph CP16 shows the comparison, MS by MS, in terms of number of irregularities not reported as fraudulent, with specific reference to this fund. These data should be read while comparing the stage of implementation of the two PPs, for example on the basis of the payments already received by the Member State (see above). This is outside the scope of this Report, but the competent national authorities can build on it to tailor and deepen the analysis, to ensure that the decrease in reporting is not due to lower quality and intensity of detections and enforcement activities. For the majority of MS, the numbers of non-fraudulent irregularities related to the two PPs are on persistently diverging paths (Austria, Belgium, the Czech Republic, Germany, Spain, Finland, Greece, Italy, Lithuania, Latvia, the Netherlands, Poland, Romania, Sweden, Slovenia). For other Member States, at the cut-off dates, the gap was significant, while there had been times during these five years when the number of non-fraudulent irregularities related to PP 2014-2020 were nearer to those related to PP 2007-2013 (Portugal, Slovakia, the UK). Finally, there are Member States where there was no significant gap (Cyprus, Denmark, Estonia, Malta) or the irregularities related to the current PP were more than those related to PP 2007-2013 (Bulgaria, France, Croatia, Hungary). During the first five years of both PP 2007-2013 and PP 2014-2020, Ireland and Luxembourg have not reported any non-fraudulent irregularity related to ERDF.

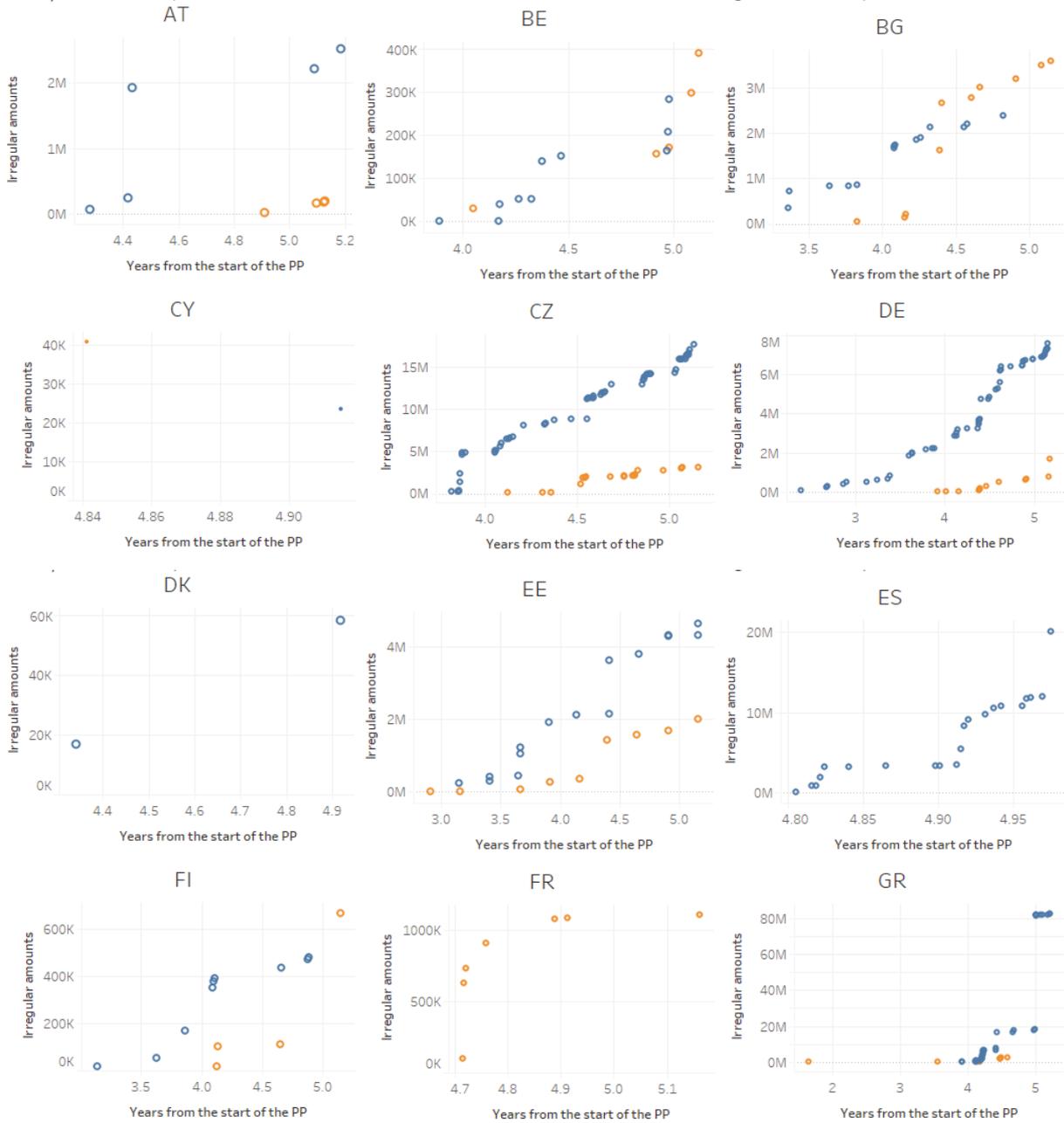
Graph CP16: Comparison PP 2007-2013 - PP 2014-2020 by Member State: ERDF - Irregularities not reported as fraudulent

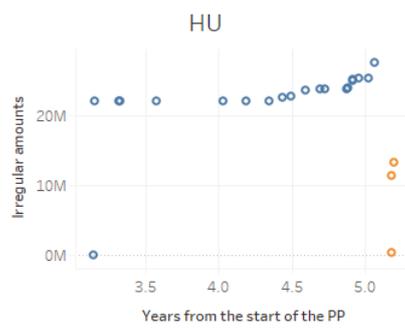




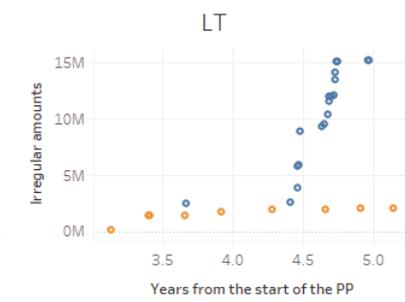
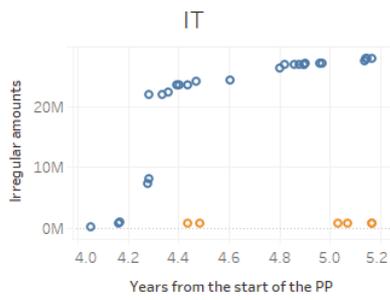
Graphs CP17 shows the same comparison MS by MS, but in terms of financial amounts. For the majority of MS, the financial amounts involved in non-fraudulent irregularities related to the two PPs were on persistently diverging paths (Austria, the Czech Republic, Germany, Spain, Greece, Hungary, Italy, Lithuania, Latvia, the Netherlands, Romania, Sweden, Slovenia, the UK). For other Member States, at the cut-off dates, the gap was significant, while there had been times during these five years when the financial amounts involved in non-fraudulent irregularities related to PP 2014-2020 were nearer to those related to PP 2007-2013 (Estonia, Poland, Portugal). Finally, there are Member States where there was no significant gap (Denmark, Malta) or the irregular financial amounts detected in relation to the current PP were more than those related to PP 2007-2013 (Belgium, Bulgaria, Cyprus, Finland, France, Croatia, Slovakia). As mentioned, during the first five years of both PP 2007-2013 and PP 2014-2020, Ireland and Luxembourg have not reported any non-fraudulent irregularity related to ERDF.

Graph CP17: Comparison PP 2007-2013 - PP 2014-2020 : ERDF - Amounts involved in irregularities not reported as fraudulent

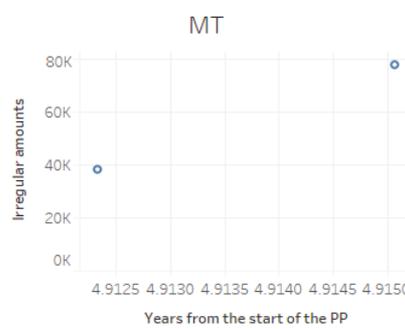
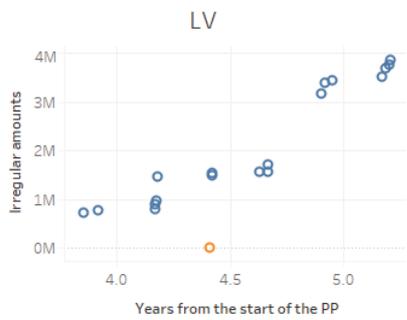




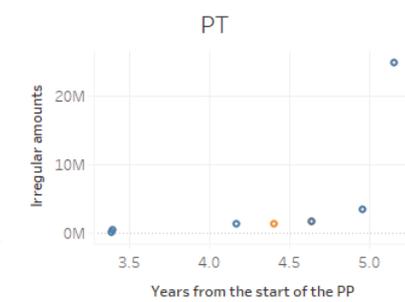
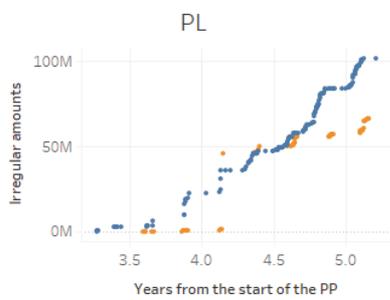
IE



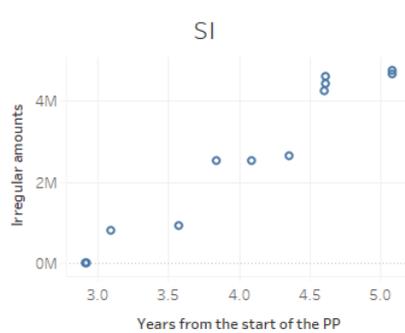
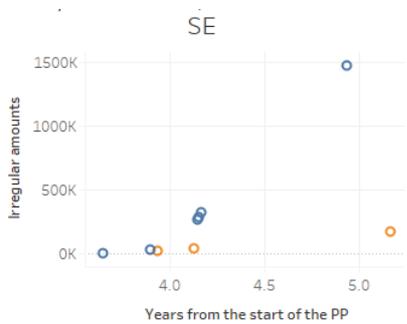
LU



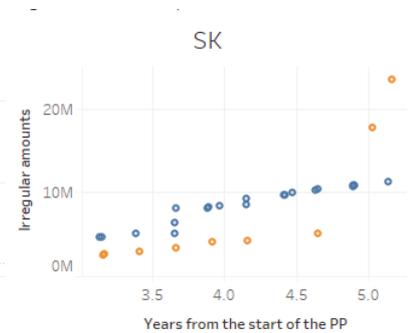
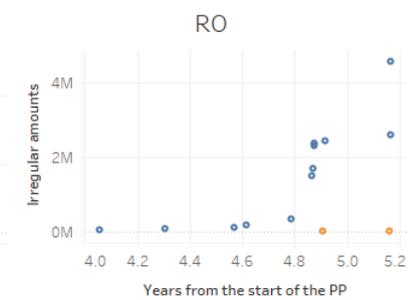
NL

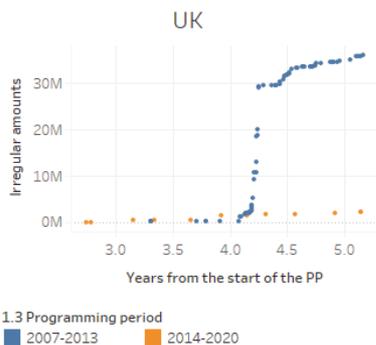


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This comparative analysis between PP 2007-2013 and 2014-2020 suggests the need for the Member States to carefully monitor the situation, also in order to exclude that the decrease of non-fraudulent irregularities reported is due to a decline in the intensity or quality of detection activities. At least in part, this decrease might be a delay due to a slower implementation of PP 2014-2020 in comparison with PP 2007-2013 (see above in this Section). However, this effect should fade down as the implementation of PP 2014-2020 catches up. Besides detection efforts and degree of implementation, other explanatory factors may lay in differences in the management and control systems of the different Member States in relation to the two programming periods, with an impact in terms of prevention.

In general, rules on thematic concentration¹⁰⁶ might have led to more effective spending. Focusing more on the management side, the 2007-2013 National Strategic Reference Frameworks (NSRF) have been replaced with the 2014-2020 Partnership Agreements. *Inter alia*, the latter must present an assessment of the administrative capacities of the authorities involved in implementation of the ESI Funds together with – where necessary – a summary of actions in order to improve them. In addition, the legal framework at the basis of PP 2014-2020 requests the managing authorities put in place effective and proportionate anti-fraud measures taking into account the risks identified.¹⁰⁷ Furthermore, with reference to PP 2014-2020 the possibility to use simplified cost options has been extended, but the impact depends on the extent to which implementing partners took advantage of this possibility.

Another change that can be of relevance to explain the pattern of non-fraudulent irregularities is the introduction of annual accounts that are prepared by the Member States and then examined and accepted by the EC each year (instead of at the closure of the programming period only). An unqualified audit opinion is necessary to accept accounts.¹⁰⁸ This might have contributed to strengthening internal control at Member State level. In this framework, Member States may have an increased tendency to exclude from the annual accounts expenditure for which they have doubts about legality and regularity; this expenditure can be included in an application for interim payment relating to subsequent accounting years, while for the current year, it is automatically recovered by the EC (without constituting a financial correction and without reducing support from the Fund to the relevant operational programme).

¹⁰⁶ Obligation for Member States to concentrate support on interventions that bring the greatest added value in relation to the Europe 2020 strategy. A key focus is concentrating ERDF and ESF financial allocations on a limited set of thematic objectives or investment priorities.

¹⁰⁷ Article 125(c) of the Common Provisions Regulation 1303/2013.

¹⁰⁸ The accounting year starts on 1 July and ends on 30 June (except for the first accounting period). The certifying authority prepares the annual accounts for the operational programme, which are then submitted to the EC together with the management declaration of assurance, the annual summary of controls prepared by the managing authority, and the accompanying control report and audit opinion prepared by the audit authority. The EC examines these documents, in view of issuing a yearly declaration of assurance.

These are just a few examples of factors that might potentially influence the number of irregularities reported, but the actual relevance and impact of these or other changes in the different Member States should be properly evaluated before being taken as the explanation of a persistent decline in detections.

Changes in the legal framework and implementation context, including anti-fraud systems, may be reflected in the most reported types of irregularities detected by the Member States. The following Tables provide an overview for the irregularities reported as fraudulent (Table CP12) and not reported as fraudulent (Table CP13) by the Member States in relation to PP 2007-2013 and PP 2014-2020. As above, for PP 2007-2013, only the irregularities that had been reported after a comparable period of time from the start of the programming period are considered.

Table CP12: PP 2014-20 - Categories of irregularity/Modus operandi related to irregularities reported as fraudulent - Comparison with PP 2007-2013 (Cohesion policy)

Categories of irregularities	Programming period			
	2014-2020		2007-2013	
	Total	Amounts involved	Total	Amounts involved
	N	EUR	N	EUR
Incorrect, missing, false or falsified supporting documents	104	35,826,034	78	18,031,652
Infringement of public procurement rules	40	18,495,139	18	99,171,570
Infringement of contract provisions/rules	30	631,958,704	83	155,567,720
Ethics and integrity	26	10,009,831	8	83,318,666
Violations/breaches by the operator	13	4,570,590	4	223,605
Product, species and/or land	11	4,252,503	0	0
Infringements concerning the request	11	3,757,577	12	6,273,448
Incorrect, absent, falsified accounts	11	2,739,501	14	2,074,525
Eligibility / Legitimacy of expenditure/measure	4	8,221,221	79	13,923,497
Bankruptcy	1	145,732	4	320,652
Multiple financing	1	19,600	5	206,479
Other	20	9,791,288	18	13,878,477
blank	6	15,227,237	2	470,422
Irregularities reported and related financial amounts	233	730,741,758	199	272,774,674

Table CP13: PP 2014-20 - Categories of irregularity/Modus operandi related to irregularities not reported as fraudulent - Comparison with PP 2007-2013 (Cohesion policy)

Categories of irregularities	Programming period			
	2014-2020		2007-2013	
	Total	Amounts involved	Total	Amounts involved
	N	EUR	N	EUR
Eligibility / Legitimacy of expenditure/measure	483	7,732,097	1,458	136,618,890
Infringement of public procurement rules	390	138,618,769	1,199	240,839,572
Infringement of contract provisions/rules	203	41,900,878	557	81,893,039
Incorrect, missing, false or falsified supporting documents	134	9,600,418	368	55,993,541
Incorrect, absent, falsified accounts	71	5,583,262	100	5,523,849
Infringements concerning the request	23	2,568,926	28	11,335,457
Product, species and/or land	15	3,327,090	1	35,007
Violations/breaches by the operator	15	1,392,432	53	71,598,980
Bankruptcy	6	196,972	8	998,902
Multiple financing	3	152,914	42	2,580,340
Movement	3	68,176	0	0
Ethics and integrity	2	453,083	3	407,284
State aid	1	18,419	0	0
Other	110	68,772,259	205	35,879,246
blank	47	19,254,940	26	908,336
Irregularities reported and related financial amounts	1,400	288,866,646	3,283	517,987,958

For the irregularities reported as fraudulent, Table CP12 shows significant increases in the number of cases related to incorrect/missing or false documents, infringement of public procurement rules and ethics & integrity, which nevertheless were not always accompanied by increases in the financial amounts involved. The most significant declines concerned violations related to eligibility/legitimacy of expenditure or measure and the infringement of contract provisions/rules.

For the irregularities not reported as fraudulent, Table CP13 shows that for each of the four most reported categories for PP 2014-2020, the number of cases where they were mentioned is about one third of the number of cases where they had been mentioned for PP 2007-2013

after a comparable period of time. In relative terms, multiple financing experienced the biggest decrease, while infringements concerning the request, accounts and bankruptcy were more stable with respect to PP 2007-2013. 'Product, species and/or land' was the only category with an increase in comparison with PP 2007-2013. Most of these violations were reported by Poland and mainly concerned variations in quality or content.

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 PP 2007-13. The closure for the programming period started in March 2017¹⁰⁹; it therefore offers an ideal opportunity to present an overview of what has happened. Consequently, the analysis will cover a greater time span than the previous Section (2014 to 2018), to examine all information available, which dates back to 2008. Comparisons between the first years of implementation of PP 2007-2013 and the situation concerning PP 2014-2020 until December 2018 are included, as relevant.

It will cover the following aspects:

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

4.2.1. Objectives concerned by the reported irregularities

The reported irregularities followed the pattern that could be expected in relation to the implementation cycle (Table CP14). The majority of the irregularities were notified over the period 2015-2017, which was between the ninth and eleventh year from the start of the programming period. They mainly concerned the Convergence objective (60% 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 (see Section 4.1). For 186 irregularities, the objective was not mentioned by the Member States.

¹⁰⁹ The deadline for the presentation of the documents for closure was 31 March 2017.

Table CP14: Number of 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	2017	2018	
	N	N	N	N	N	N	N	N	N	N	N	
Convergence	7	121	711	1498	2118	2669	2907	5221	4920	3413	881	24,466
Competitiveness and Employment	0	9	351	404	494	788	890	3156	1826	687	105	8,710
Territorial Cooperation	0	0	14	39	46	78	116	98	152	56	4	603
Multiobjective	0	30	152	225	495	763	708	1321	1314	706	99	5,813
Fisheries	0	0	6	30	75	144	81	180	261	192	29	998
null	0	0	0	3	0	2	15	106	42	15	3	186
TOTAL	7	160	1,234	2,199	3,228	4,444	4,717	10,082	8,515	5,069	1,121	40,776

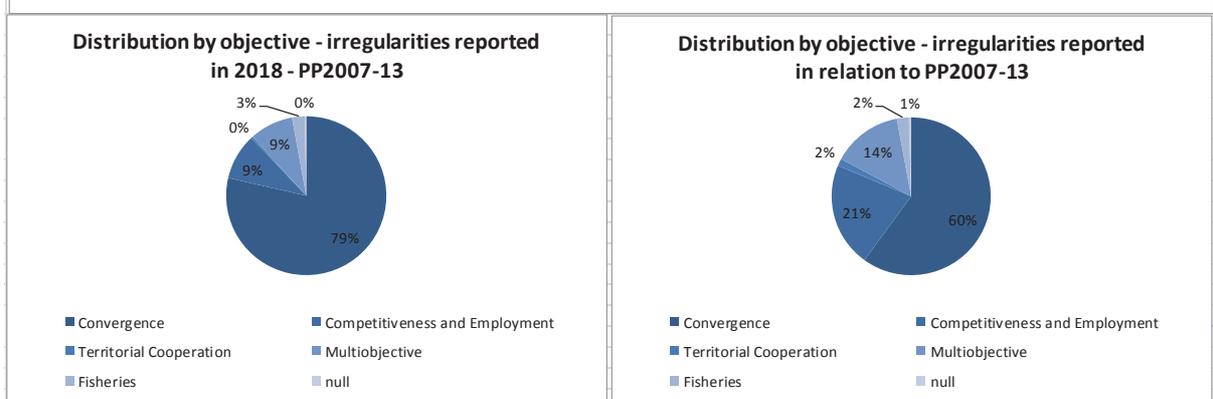
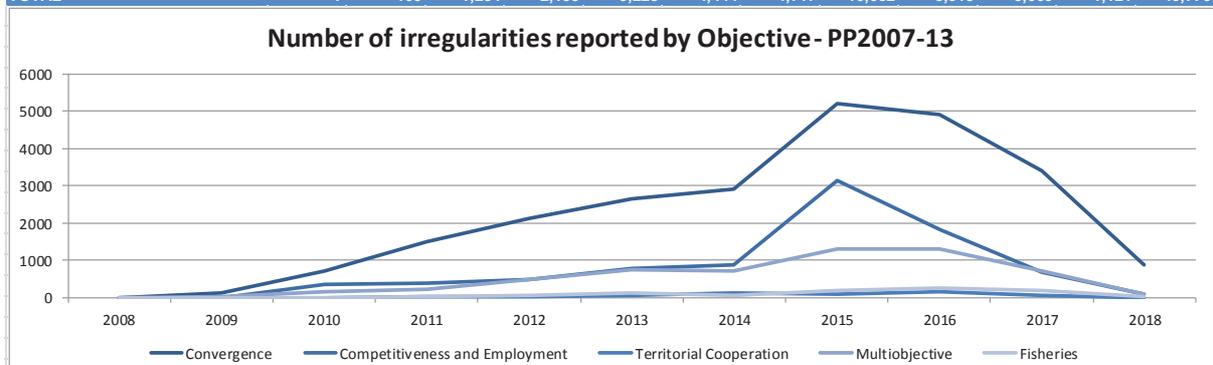


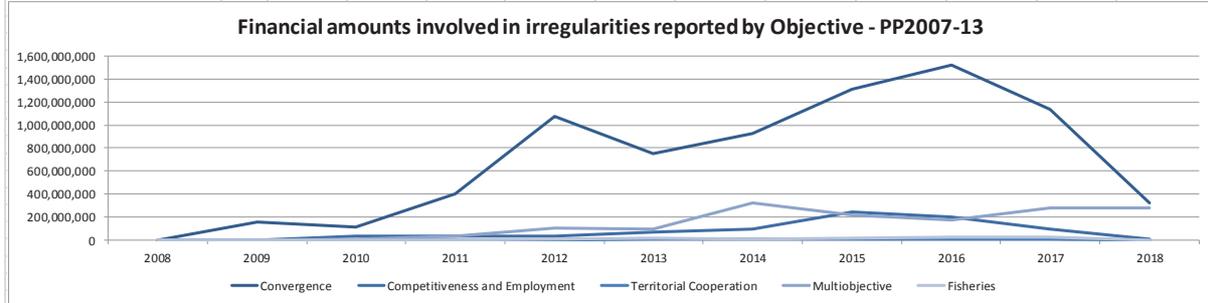
Table CP15 provides information about the financial amounts involved in the reported irregularities. They broadly followed the same pattern of the number of irregularities in Table CP14, with the exception of the amounts linked to:

- the Convergence objective reported in 2012, which exceeded those related to the following two years, and those related to 2016, which were higher than those reported in 2015 (which was instead the peak, in terms of numbers). In 2016, irregular amounts reported in relation to the Cohesion Fund were exceptionally high, as already showed in Table CP3 and highlighted in Section 4.1;
- the Multiobjective actions reported in 2018, where the irregularities fell abruptly while the financial amounts involved were stable. This was impacted by two cases reported in 2018 by Slovakia, whose irregular financial amounts summed up to about EUR 160 million. To put it into perspective, it can be considered that the two biggest cases reported during the previous year (by Spain) summed up the about EUR 75 million. See also Section 4.2.1.1, about fraudulent irregularities.

As for the number of irregularities, the majority of financial amounts were notified during the period 2015-2017 and mainly concerned the Convergence objective (75%).

Table CP15: Financial amounts related to the 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	2017	2018		
Convergence	71,325	153,248,922	113,646,136	405,177,636	1,078,127,796	748,286,259	928,274,622	1,312,094,034	1,521,036,191	1,137,445,693	320,812,806	7,718,221,420	
Competitiveness and Employment	0	556,264	34,518,212	37,480,973	34,657,794	67,110,522	99,800,459	244,313,867	201,897,220	94,578,637	9,426,204	824,340,152	
Territorial Cooperation	0	0	1,142,832	1,566,362	2,487,433	4,977,539	5,357,883	4,667,046	8,655,619	11,257,728	568,909	40,681,351	
Multiobjective	0	2,371,472	10,404,918	39,218,649	105,137,496	97,080,973	32,294,364	221,766,326	171,623,298	282,629,026	279,531,607	1,537,058,129	
Fisheries	0	0	233,816	577,343	6,778,163	21,305,859	7,798,185	21,210,784	28,315,907	23,271,803	2,187,449	111,679,309	
null	0	0	0	676,946	0	408,814	852,074	8,122,462	7,385,910	1,673,491	758,878	19,878,575	
TOTAL	71,325	156,176,658	159,945,914	484,697,909	1,227,188,682	939,169,966	1,369,377,587	1,812,174,519	1,938,914,145	1,550,856,378	613,285,853	10,251,858,936	



4.2.1.1. Irregularities reported as fraudulent by Objective

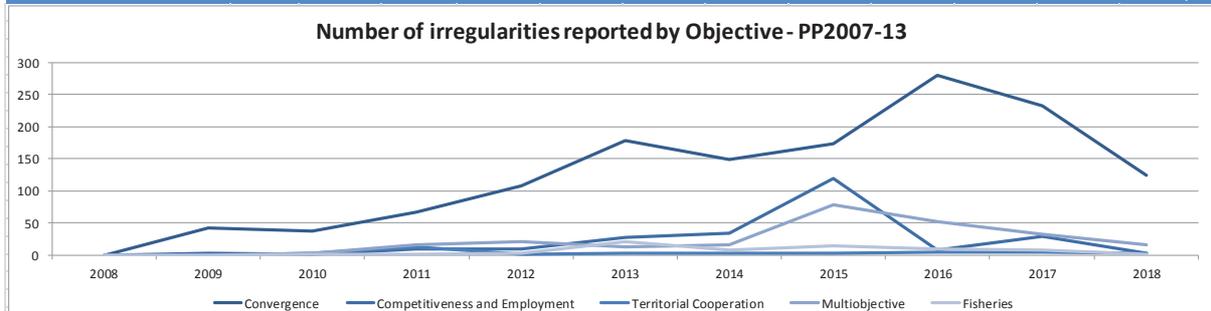
Tables CP16 and CP17 include only the irregularities reported as fraudulent in relation to PP 2007-13. The trends are similar to those presented in the previous Section for all irregularities in relation to PP 2007-2013. A difference that is worth highlighting is the strong increase in the number of irregularities in 2016 in relation to Convergence (while the sum of fraudulent and non fraudulent irregularities decreased) and the exceptional drop in 2016 in relation to 'Regional competitiveness and employment'.

With reference to the financial amounts, fluctuations are emphasized, as high profile cases can have a significant impact. It is worth highlighting the record-high reporting of irregular financial amounts in 2018 for the Multiobjective actions. This was due to 4 large cases (with more than EUR 10 million involved in each irregularity) reported by Slovakia, Portugal and the Czech Republic, summing up to about EUR 97 million.

The higher share represented by the Convergence objective in comparison with that presented in the previous Section was also significant (69% of cases and 83% of financial amounts).

Table CP16: 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	2017	2018		
Convergence	0	43	37	68	108	178	149	174	280	233	124	1,394	
Competitiveness and Employment	0	4	1	10	9	28	35	119	8	29	3	246	
Territorial Cooperation	0	0	3	13	2	4	3	3	5	5	3	41	
Multiobjective	0	0	3	17	22	13	17	79	52	32	17	252	
Fisheries	0	0	1	1	4	21	8	15	9	8	1	68	
blank	0	0	0	0	0	0	1	7	0	0	1	9	
TOTAL	0	47	45	109	145	244	213	397	354	307	149	2,010	

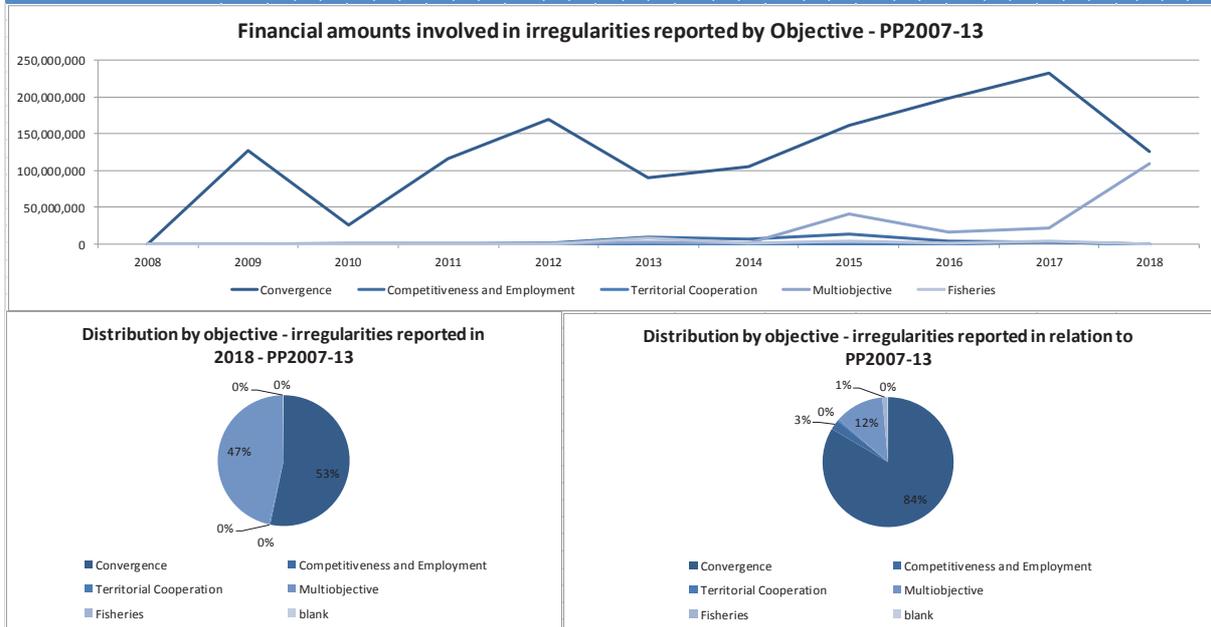


Irregularities reported as fraudulent represented about 4.9% of the total number of irregularities reported for PP 2007-13. The highest percentage (Fraud Frequency Level – FFL¹¹⁰) was related to the Fisheries (6.8%), the European Territorial Cooperation (6.8%) and to the Convergence (5.7%) objectives. Regional competitiveness and Employment had the lowest FFL (2.8%).

¹¹⁰ For details about the calculation of the FFL, see SWD(2016)237final.http://ec.europa.eu/anti-fraud/sites/antifraud/files/methodology_statistical_evaluation_2015_en.pdf

Table CP17: Financial amounts related 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	2017	2018		
Convergence	0	126,446,858	25,404,532	116,756,104	168,971,915	89,909,325	104,818,930	160,720,551	198,375,272	231,919,800	125,622,730	1,348,946,015	
Competitiveness and Employment	0	470,306	15,168	572,814	831,655	9,272,270	7,494,616	13,456,566	4,716,047	2,605,726	131,202	39,566,370	
Territorial Cooperation	0	0	490,534	166,072	1,173,642	299,272	120,064	540,643	313,757	3,219,958	552,713	6,876,654	
Multiobjective	0	0	1,776,484	675,802	874,925	2,192,631	1,089,849	41,484,116	17,047,134	21,810,062	109,196,343	196,147,348	
Fisheries	0	0	193,916	22,580	542,950	8,852,308	1,773,991	4,519,598	714,601	4,198,541	36,131	20,854,617	
blank	0	0	0	0	0	0	13,427	2,248,447	0	0	296,306	2,558,180	
TOTAL	0	126,917,164	27,880,634	118,193,373	172,395,087	110,525,806	115,310,877	222,969,922	221,166,811	263,754,087	235,835,424	1,614,949,184	



Financial amounts involved in irregularities reported as fraudulent represented about 15.8% of the total reported for PP 2007-13. The highest share (Fraud Amount Level – FAL¹¹¹) was related to Fisheries (18.7%), Convergence (17.5%), the European Territorial Cooperation (16.9%). Regional competitiveness and Employment had the lowest FAL (4.8%).

The difference between FFL and FAL indicates the higher financial impact of fraudulent irregularities compared to the non-fraudulent infringements; the average financial value involved in irregularities reported as fraudulent is more than three times higher than that related to the non-fraudulent types.

4.2.1.2. Fraud and Irregularity Detection Rates by Objective

Table CP18 shows the FDR and the IDR per objective.

Table CP18: FDR and IDR by Objective

Objective	Irregularities detected and reported PP 2007-2013 / Expenditure PP 2007-13 (1)		
	% FDR	% IDR	% Total
Convergence (1)	0.5	2.6	3.1
Competitiveness and Employment (1)	0.1	1.7	1.8
Territorial cooperation (1)	0.1	0.4	0.5
Multiobjective (1)	0.4	3.0	3.4
Fisheries (2)	0.5	2.4	2.9
Total (1)	0.46	2.5	2.9

(1) Calculations based on the decided amounts

(2) Calculations based on net payments made

¹¹¹ For details about the calculation of the FAL, see SWD(2016)237final.http://ec.europa.eu/anti-fraud/sites/antifraud/files/methodology_statistical_evaluation_2015_en.pdf

Looking at the overall detection rate (FDR+IDR), Regional competitiveness and employment programmes show a relatively low level of detection. European Territorial Cooperation programmes, however, show an anomalously low level of detection (about 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 Multiobjective programmes, Convergence and Fisheries where the detection rate is about 3%.

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

Table CP19 shows the number of irregularities reported as fraudulent by priority area since the beginning of the PP 2007-13, their related financial amounts, the average amount per irregularity, FFL, FAL and FDR.

In terms of numbers, the 'Priorities' most concerned were '*Research and Technological Development (RTD)*', '*Increasing the adaptability of workers and firms, enterprises and entrepreneurs*' and '*Improving access to employment and sustainability*'. Irregularities reported as fraudulent in relation to these three priorities represented about 39% of the total.

FFL was highest for '*Tourism*' (11.8%) and the top four priorities (in terms of FFL) in Table CP19 were all above or about 9%, which was nearly double the average.

From the financial amounts point of view, the most significant impact concerned '*RTD*' and '*Transport*'. Financial amounts related to the irregularities reported as fraudulent in relation to these two priorities represented 44% of the total. '*Transport*' retained by far the highest average value, about eight times *R&TD* and nine times the overall average. These two priorities were followed, at a distance, by another group of priorities that were affected by significant irregular financial amounts: '*Urban and rural regeneration*', '*Tourism*' and '*Environmental protection and risk prevention*'.

FAL was highest for '*Tourism*' (34%), '*Urban and rural regeneration*' (33%), '*Improving human capital*' (32%). The priorities '*Tourism*' and '*Urban and rural regeneration*' stood out in terms of FDR.

Table CP 19: PP2007-13 - Irregularities reported as fraudulent by Priority

Priority	Irregularities reported as fraudulent					
	Total	Amounts involved	Average amount	FFL	FAL	FDR (1)
	N	EUR	EUR	%	%	%
Research and technological development (R&TD), innovation and entrepreneurship	457	395,626,424	865,703	8.6%	18.1%	0.6%
Transport	40	310,830,745	7,770,769	2.1%	16.7%	0.4%
Urban and rural regeneration	90	90,019,660	1,000,218	6.6%	32.9%	0.9%
Tourism	128	81,897,785	639,826	11.8%	33.9%	1.4%
Environmental protection and risk prevention	69	77,204,484	1,118,906	2.7%	11.3%	0.2%
Improving human capital	94	46,333,411	492,909	5.6%	32.0%	0.2%
Investment in social infrastructure	106	39,756,111	187,696	5.5%	11.4%	0.2%
Increasing the adaptability of workers and firms, enterprises	164	30,782,128	781,787	9.7%	17.8%	0.2%
Information society	37	28,926,130	781,787	2.8%	9.0%	0.2%
Improving access to employment and sustainability	143	15,661,340	109,520	8.9%	9.5%	0.1%
Energy	30	14,122,857	470,762	6.1%	12.3%	0.1%
Strengthening institutional capacity at national, regional and local level	33	5,128,955	155,423	9.9%	14.5%	0.2%
Improving the social inclusion of less-favoured persons	44	4,669,864	106,133	5.8%	10.1%	0.0%
Technical assistance - fisheries	9	2,472,002	274,667	4.1%	3.6%	N/A
Culture	4	2,338,030	39,833	1.1%	4.3%	0.0%
Measures of common interest - fisheries	4	159,333	26,511	9.8%	0.3%	N/A
Technical assistance	2	53,023	26,511	0.6%	0.1%	0.0%
Null (2)	487	448,092,372	920,108	2.9%	13.6%	N/A
TOTAL	1,941	1,594,074,654	821,265	4.9%	15.7%	0.46%
% of (blank) on Total	25.1%	28.1%				

(1) FDR is calculated as amounts involved in irregularities affecting a specific priority (third column) divided by the amounts decided for the same priority
(2) It includes 3 irregularities reported as referring to PP 2007-2013, but for which a priority referring to PP 2014-2020 was mentioned. At the denominator, the calculation of FFL includes 25 such cases

Irregularities linked to the EFF have not been included. Reference to 'Technical assistance Fisheries' and 'Measures of common interest – fishery' in Table CP19 may depend on errors in encoding by Member States.

For about 25% of the irregularities used for this analysis, information was not provided about the priority area concerned, decreasing in comparison with previous years.

Table CP20 is related to PP 2014-20. It shows the number of irregularities reported as fraudulent by priority area since the beginning of the PP, their related financial amounts, and allows the comparison with the situation concerning PP 2007-2013 when the same period of time had passed after the start of the programming period. Comparison with the full 2007-2013 would be misleading as projects pertaining to different priorities can have different timelines for the implementation; this may influence the time when irregularities are more likely to be detected. This is possibly the reason why only one irregularity has been reported with reference to the priority 'Transport' for PP 2014-2020. In fact, this happened also for PP 2007-2013 when the same amount of time had passed after the start of the programming period (see Table CP20).

The priorities for the PP 2014-2020 are listed in the Commission Implementing Regulations (EU) 184/2014 and 215/2014 and they are different from the priorities for PP 2007-2013. In Table CP20, the priorities for PP 2014-2020 are reported in white; contrary to the Regulations in force, the Member States continued to encode the irregularities in IMS using the priorities that were valid for PP 2007-2013. The correct priorities were used only in 3 cases out of 233.

First of all, in Table CP20, it can be noticed that the fraudulent irregularities detected by the Member States increased by about 15%, from 199 to 233. The number of cases where the priority was not specified decreased from more than 50% to 15%, which was a remarkable improvement. However, this improvement impacts on the comparison at the level of single

priorities, because, to a different extent, increases in the number of irregularities may have been underpinned by the higher number of irregularities for which the priority has been specified rather than by the higher number of detections. This is impacting even more the analysis of the non-fraudulent irregularities (see Section 4.2.2.2).

With reference to PP 2014-2020, the prevalence of the priority '*R&TD*' was even more marked than for PP 2007-2013¹¹². The priority '*Improving access to employment and sustainability*' ranked second in relation to PP 2014-2020, with a number of cases similar to PP 2007-2013, but higher financial amounts involved. A relatively high number of irregularities (and related financial amounts) have been detected in relation to '*Environment protection and risk prevention*', which was not yet the case at the same stage of PP 2007-2013. This is mostly due to reporting by Slovakia (see also Section 4.2.2.3).

Table CP 20: PP2014-20 - Irregularities reported as fraudulent by Priority - Comparison with PP 2007-2013

Priority	Programming period			
	2014-2020		2007-2013	
	Total	Amounts involved	Total	Amounts involved
	N	EUR	N	EUR
Research and technological development (R&TD), innovation and entrepreneurship	91	670,733,145	22	15,678,139
Productive investment	1	1,828,516		
Development of endogenous potential	1	337,605		
Improving access to employment and sustainability	32	7,336,991	30	532,452
Environmental protection and risk prevention	25	11,733,851		
Improving human capital	15	3,082,119	8	588,363
Increasing the adaptability of workers and firms, enterprises	11	1,402,859	12	920,630
Improving the social inclusion of less-favoured persons	9	891,648	3	83,702
Promoting social inclusion, combating poverty and any discrimination	1	329,347		
Energy	3	1,299,979		
Transport	2	490,044	2	13,091,595
Investment in social infrastructure	2	360,758	6	998,642
Information society	1	2,028,823	5	5,785,317
Urban and rural regeneration	1	1,553	3	274,098
Tourism			1	187,500
Strengthening institutional capacity at national, regional and local level			1	43,591
Technical assistance			1	23,705
Measures of common interest - fisheries	3	64,031		
Null	35	28,820,487	105	234,566,938
TOTAL	233	730,741,758	199	272,774,674
% of (blank) on Total	15.0%		52.8%	

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

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

Table CP21 provides an overview of the number of irregularities not reported as fraudulent by priority area since the beginning of the PP 2007-13, their related financial amounts and average amount per irregularity and IDR.

Again, '*Research and Technological Development (R&TD)*' was the priority with the highest number of occurrences, followed by '*Environmental protection and risk prevention*'. Then there was a group of four priorities that recorded between 1 500 and 2 000 irregularities each.

¹¹² The exceptional financial amount related to these irregularities was due to 2 cases reported by Slovakia, accounting for about EUR 600 million.

Two of them relate to investments in infrastructures ('Investment in social infrastructure' and 'Transport') while the other two refer more to investing in human capital ('Improving human capital' and 'Increasing the adaptability of workers and firms, enterprises and entrepreneurs'). 'Research and Technological Development (R&TD)' was first also in terms of financial amounts, closely followed by 'Transport' and, at a distance, by 'Environmental protection and risk prevention'. Irregularities linked to these three priorities together represent 24% of the total number and 46% of the total amounts.

The priorities 'Tourism', 'Research and Technological Development (R&TD)', 'Information society' and 'Transport' show a IDR higher than or equal to 2%.

Priority	Irregularities not reported as fraudulent			
	Total	Amounts involved	Average amount	IDR (1)
	N	EUR	EUR	%
Research and technological development (R&TD), innovation and entrepreneurship	4,868	1,788,088,934	367,315	2.6%
Transport	1,833	1,555,433,190	848,572	2.0%
Environmental protection and risk prevention	2,510	608,493,099	242,428	1.3%
Investment in social infrastructure	1,823	309,746,746	169,910	1.6%
Information society	1,308	293,333,607	224,261	2.1%
Tourism	959	159,869,911	166,705	2.8%
Urban and rural regeneration	1,271	183,651,068	144,493	1.8%
Improving access to employment and sustainability	1,463	149,639,302	102,283	0.6%
Increasing the adaptability of workers and firms, enterprises and entrepreneurs	1,534	142,596,049	92,957	1.2%
Energy	465	100,901,853	216,993	0.8%
Improving human capital	1,579	98,456,663	62,354	0.4%
Culture	346	51,778,238	149,648	0.8%
Technical assistance	322	48,452,183	150,473	0.5%
Improving the social inclusion of less-favoured persons	718	41,762,285	58,165	0.4%
Strengthening institutional capacity at national, regional and local level	302	30,364,474	100,545	1.4%
Mobilisation for reforms in the fields of employment and inclusion	69	5,852,911	84,825	0.6%
Reduction of additional costs hindering the outermost regions development	31	5,746,495	185,371	0.9%
Measures for the adaptation of the Community fishing fleet	1	11,047	11,047	N/A
Technical assistance - fisheries	210	66,398,644	316,184	N/A
Measures of common interest - fisheries	37	62,364,680	1,685,532	N/A
Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products	3	199,880	66,627	N/A
Sustainable development of fishery areas	3	140,166	46,722	
Null (2)	16,161	2,841,431,749	175,820	N/A
TOTAL	37,816	8,544,713,172	225,955	2.47%
% of (blank) on Total	42.7%	33.3%		

(1) IDR is calculated as amounts involved in irregularities affecting a specific priority (third column) divided by the amounts decided for the same priority

(2) It includes 22 irregularities reported as referring to FP2007-2013, accounting for less than EUR 6mn. At the denominator, the calculation of FFL includes 25 such cases

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

The number of cases not reported as fraudulent for which information about the priority area concerned was missing remained high (43%) and higher than for the fraudulent irregularities, while it was improving.

Table CP22 is related to PP 2014-20. It shows the number of irregularities not reported as fraudulent by priority area since the beginning of the PP, their related financial amounts, and allows the comparison with the situation concerning PP 2007-2013 when the same period of time had passed after the start of the programming period. As mentioned above, there are new

priorities for PP 2014-2020; they are reported in white in Table CP22. Contrary to the Regulations in force, the Member States continued to encode the irregularities in IMS using the priorities that were valid for PP 2007-2013. The correct priorities were used only in about 50 cases out of 1 400.

First of all, it can be noticed that the non-fraudulent irregularities detected by the Member States decreased by about 60%, as already highlighted in Section 4.1.3. The number of cases where the priority was not specified decreased from more than 63% to 16%, which was a remarkable improvement. As mentioned, this improvement has a significant impact on the comparison between single priorities in different programming periods. In relation to the first five years of implementation of PP 2007-2013, 2 070 non-fraudulent irregularities had been left with no specification of the affected priority. In relation to PP 2014-2020, this declined to just 218.

Table CP 22: PP2014-20 - Irregularities not reported as fraudulent by Priority - Comparison with PP 2007-2013

Priority	Programming period			
	2014-2020		2007-2013	
	Total	Amounts involved	Total	Amounts involved
	N	EUR	N	EUR
Research and technological development (R&TD), innovation and entrepreneurship	276	84,251,810	159	27,744,224
Development of endogenous potential	16	3,113,983		
Productive investment	4	98,663	1	34,295
Environmental protection and risk prevention	76	68,716,352	100	18,657,883
Transport	61	37,888,301	202	63,011,940
Infrastructure providing basic services and related	4	243,919		
Improving access to employment and sustainability	166	21,032,228	109	23,183,494
Promoting sustainable and quality employment and supporting labour mobility	2	63,866		
Information society	38	4,489,818	51	6,817,592
Improving human capital	172	4,033,557	88	3,566,871
Energy	84	3,398,369	7	280,254
Increasing the adaptability of workers and firms, enterprises	28	2,206,529	93	5,354,193
Strengthening institutional capacity at national, regional and local level	4	1,809,426	13	1,319,147
Enhancing institutional capacity of public authorities and stakeholders and efficient public administration	1	28,074		
Investment in social infrastructure	28	1,634,859	190	24,525,261
Social, health and education infrastructure and related investment	11	1,688,003		
Investing in education, training and vocational training for skills and lifelong learning	8	1,557,420		
Urban and rural regeneration	15	1,508,307	52	8,704,277
Technical assistance	58	1,283,789	12	417,638
Technical assistance (IX)	2	415,972		
Improving the social inclusion of less-favoured persons	83	1,181,750	32	1,832,411
Promoting social inclusion, combating poverty and any discrimination	1	27,461		
Culture	11	751,770	30	6,106,566
Tourism	1	43,293	47	5,901,371
Mobilisation for reforms in the fields of employment and inclusion			6	326,774
Technical assistance - fisheries	27	2,169,766	20	7,905,761
Measures of common interest - fisheries	5	257,438	1	11,923
	218	44,971,922	2,070	312,286,083
TOTAL	1,400	288,866,646	3,283	517,987,959
% of (blank) on Total	15.6%		63.1%	

'R&TD' was the priority most affected by irregularities, with an increasing number of cases and financial amounts involved, with respect to PP 2007-2013. The priority that recorded the highest relative increase in numbers was 'Energy', mostly due to reporting by the UK and Poland. For several other priorities, the number of irregularities increased, but it must be

considered that, to a different extent, this may have been influenced by the huge difference between the two PP, in terms of cases where the priority was not specified (see Section 4.2.2.1). Despite this, 'Transport' fell to less than one third of the number of cases reported for PP 2007-2013 after the same period from the start of the programming period. However, the financial amounts decreased only by less than a half. A similar pattern was being followed by 'Increasing the adaptability of workers and firms, enterprises and entrepreneurs' and 'Investment in social infrastructure'. However, for the latter, the financial amounts decreased much more. It can be considered that the new priorities 'Social, health and education infrastructure and related' and 'Investing in education, training and vocational training for skills and lifelong learning investment' covered similar initiatives, but with 19 irregularities reported, they could not compensate.

Apart from 'R&TD', 'Environmental protection and risk prevention' was basically the only priority which recorded a significant increase in financial amounts in PP 2014-2020.

4.2.2.3. PP 2007-2013: irregularities related to the priorities 'Tourism' and 'Environment' by theme

In last year's Report¹¹³, an analysis by themes of the priorities 'R&TD' and 'Transport' has been presented. The irregularities reported during 2018 did not change significantly the picture - which consolidated already during the previous eleven years of the PP. However, the financial amounts involved in irregularities reported as fraudulent in relation to the priority 'R&TD' increased by about EUR 100 million (+33%). About half of this increase was due to 2 cases reported by Slovakia concerning the themes 'RTD activities in research centers' and 'Technology transfer and improvement of cooperation networks involving SMEs'. The latter was significantly impacted also by two other cases reported by Slovakia as non-fraudulent and accounting for about EUR 160 million.

Concerning the impact of potential fraud on the priority 'Transport', the financial amounts involved in irregularities concerning the themes:

- 'Railways' significantly decreased (-70%), as a result of three cases cancelled by Italy;
- 'National roads' increased nearly fivefold, because of a new irregularity detected by Romania and a case reported by Italy in 2016, which has been re-classified as fraudulent and to which much higher irregular financial amounts have been associated.

In terms of number of non-fraudulent irregularities, 'Regional/local roads' remained the most affected theme, with 44% of the total. In terms of financial amounts, the themes 'Railways' and 'Motorways (TEN-T)' were still the most impacted, accounting together for about 58% of the total. The irregular financial amounts involved in the theme 'Railways' increased by about EUR 20 million¹¹⁴ (which is just about 5%) but the number of irregularities increased by 37%, mainly due to cases reported by Italy¹¹⁵.

Given the above, this year the analysis of two other priorities is provided:

- 'Tourism', which is the priority with the highest incidence of fraud;

¹¹³ Report from the Commission to the European Parliament and the Council – 29th Annual Report on the Protection of the European Union's Financial Interests – Fight against Fraud – 2017', COM(2018)553

¹¹⁴ About half is due to one case reported in 2018 where exceptional financial amounts were involved.

¹¹⁵ To some extent the increase is due also to cases already reported in the past, for which the theme has now been specified.

- ‘*Environmental protection and risk prevention*’, which is a priority that ranks among the most affected by non-fraudulent irregularities and recorded the second highest average financial amount related to fraudulent irregularities.

Tourism

As mentioned, ‘*Tourism*’ is the priority with the highest FFL (11.8%), FAL (34%) and FDR (1.4%). In addition, it has the highest IDR.

Figure CP1 details the specific priority themes that were affected by irregularities reported as fraudulent. The larger the square, the higher the number of irregularities; the darker the colour, the higher the financial amounts involved.¹¹⁶

The residual theme ‘*Other assistance to improve tourist services*’ was by far the most impacted. It represented about 74% of the irregularities reported as fraudulent, and about 71% of the related financial amounts. About half of these irregularities were detected in Romania, while Slovakia was the Member State with the highest financial amounts involved. Four countries (Slovakia, Romania, Czech Republic and Portugal) accounted for 94% of the financial amounts. Two other themes shared the remaining irregularities: ‘*Protection and development of natural heritage*’ and ‘*Promotion of natural assets*’ (most of cases and irregular financial amounts detected in Romania).

Figure CP2 shows the same level of detail for the irregularities not reported as fraudulent.

The picture is similar to the one referring to the fraudulent irregularities: the residual theme was involved in 71% of the non-fraudulent irregularities, accounting for 80% of the financial amounts. About half of these irregularities (and related financial amounts) was detected in Poland and the Czech Republic. The two other themes recorded a similar number of irregularities.

¹¹⁶ Where necessary, the description of the themes in Figures CP1-CP4 could have been shortened, but the extended version can be checked in Annex 14.

Figure CP1: PP 2007-2013 - Irregularities reported as fraudulent in relation to the priority 'Tourism'

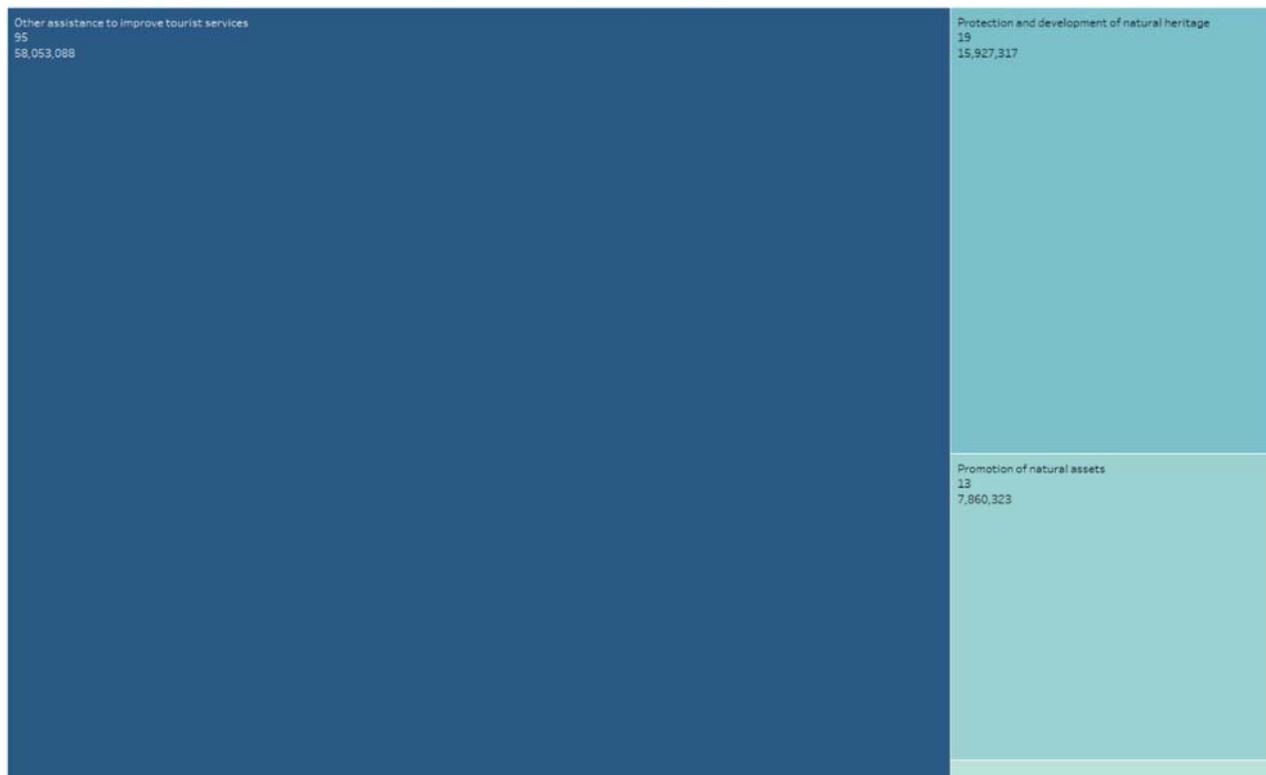
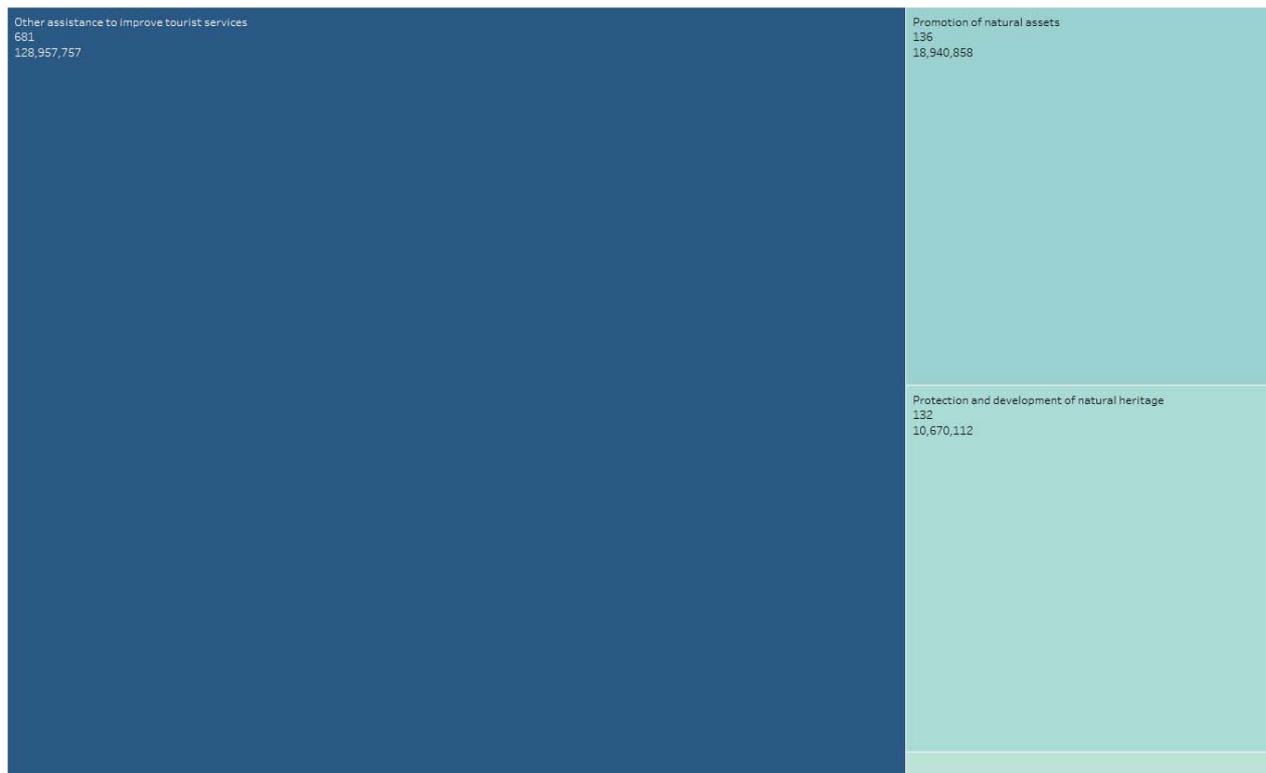


Figure CP2: PP 2007-2013 - Irregularities not reported as fraudulent in relation to the priority 'Tourism'



Environmental protection and risk prevention

As mentioned, '*Environmental protection and risk prevention*' was hit by the second highest number of non-fraudulent irregularities (after '*R&TD*') and the third highest level of irregular (non-fraudulent) financial amounts (after '*R&TD*' and '*Transport*'). At the same time, this priority was not immune from fraud: it recorded the fifth highest level of irregular financial amounts (after '*R&TD*', '*Transport*', '*Urban and rural regeneration*' and '*Tourism*').

Similar to Figure CP1, Figure CP3 details the specific priority themes that were affected by these irregularities reported as fraudulent.

The highest number of fraudulent irregularities related to '*Management of household and industrial waste*'. About half of the fraudulent irregularities and 60% of the related financial amounts concerning this theme were detected in Slovakia. The highest level of irregular financial amounts pertained to '*Water treatment (waste water)*', which reached an average financial amount of about EUR 3.2 million. Half of the fraudulent irregularities and about 80% of the related financial amounts concerning this theme were detected in Slovakia. Also '*Risk prevention*' was quite impacted by fraud, with most cases in the Czech Republic and most of the irregular financial amounts detected in Poland.

As mentioned in Section 4.2.2.1, in relation to PP 2014-2020 and differently from what had happened during the same period after the start of PP 2007-2013, the priority '*Environmental protection and risk prevention*' has already been impacted by a significant number of fraudulent irregularities. Most of them are still related to '*Management of household and industrial waste*' and reported by Slovakia.

Figure CP4 shows the same level of detail for the irregularities not reported as fraudulent.

The highest number of non-fraudulent irregularities related to '*Water treatment (waste water)*'. About half of the non-fraudulent irregularities and related financial amounts concerning this theme were detected in Poland. Adding '*Management of household and industrial waste*', these two themes covered about half of the non-fraudulent irregularities related to this priority. The theme '*Management and distribution of water (drinking water)*' ranked third, both in terms of number of irregularities and financial amounts involved (mainly because of detections in Romania). Then '*Risk prevention*' was also significantly impacted by non-fraudulent irregularities, with Italy, Poland and the Czech Republic accounting for about half of cases and irregular financial amounts.

As mentioned in Section 4.2.2.2, in relation to PP 2014-2020, the financial amounts involved in non-fraudulent irregularities concerning the priority '*Environmental protection and risk prevention*' significantly increased in comparison with PP 2007-2013 during the same period after the start of the programming period. Most of these irregular financial amounts are still related to '*Water treatment (waste water)*', but they have been reported by Slovakia.

Figure CP3: PP 2007-2013 - Irregularities reported as fraudulent in relation to the priority 'Environment protection and Risk prevention'



Figure CP4: PP 2007-2013 - Irregularities not reported as fraudulent in relation to the priority 'Environment protection and Risk prevention'



4.2.2.4. Types of irregularities / modus operandi detected related to the priorities 'Tourism' and 'Environment protection and Risk prevention'

Table CP23 provides an overview of the categories of irregularities reported in connection with the priority 'Tourism' within PP 2007-2013.¹¹⁷

Categories of irregularities	Irregularities reported as fraudulent			Irregularities not reported as fraudulent		
	N	EUR	EUR/avg	N	EUR	EUR/avg
Incorrect, missing, false or falsified supporting documents	82	47,228,920	575,962	107	17,310,660	161,782
Eligibility / Legitimacy of expenditure/measure	50	20,543,294	410,866	246	29,143,394	118,469
Infringement of public procurement rules	22	18,277,147	830,779	409	51,464,152	125,829
Infringement of contract provisions/rules	15	7,007,475	467,165	177	52,157,978	294,678
Ethics and integrity	9	918,551	102,061	4	1,119,618	279,905
Violations/breaches by the operator	3	324,953	108,318	13	2,419,922	186,148
Bankruptcy	2	1,095,631	547,816	3	1,388,451	462,817
Product, species and/or land	1	3,172,957	3,172,957	12	3,501,688	291,807
Infringements concerning the request	1	1,716,182	1,716,182	17	6,877,978	404,587
Incorrect, absent, falsified accounts	1	425,742	425,742	27	7,034,344	260,531
Multiple financing	0	0	N/A	12	649,777	54,148
movement	0	0	N/A	1	893,409	893,409
Other	14	18,512,440	1,322,317	114	27,939,109	245,080
blank	2	57,058	28,529	39	6,712,715	172,121

The same irregularity may be associated to several categories of infringement. That is why the row of totals has been omitted: it would have resulted in multiple counting of the same notification of irregularity.

In general, 12% of cases affecting the priority 'Tourism' were reported as fraudulent (see table CP19).

Focusing on the irregularities reported as fraudulent, the most mentioned categories were referring to '*incorrect/missing/false or falsified documents*' and the '*eligibility or legitimacy of the expenditure/measure*', often combined in the same case. Infringements of public procurement rules were less frequent, but they were associated to higher average irregular financial amounts (more than EUR 800 000). The violations concerning '*ethics and integrity*' concerned conflict of interest or bribery/corruption.

Focusing of the irregularities not reported as fraudulent, infringements of public procurement rules were the most mentioned, followed by violations concerning the '*eligibility or legitimacy of the expenditure/measure*'. They were often combined in the same case. The categories '*incorrect/missing/false or falsified documents*'¹¹⁸ and '*contract provisions/rules*' were also used quite often and the latter was the one with the highest irregular financial amounts involved (among the aforementioned most reported categories).

The categories '*ethics and integrity*' and '*incorrect/missing/false or falsified documents*' featured the highest FFLs (respectively 69% and 43%), followed, at a distance, by '*eligibility or legitimacy of the expenditure/measure*' (17%). '*Infringement of public procurement rules*' and '*Violations of contract provisions/rules*' had relatively low FFLs (respectively 5% and 8%). The average financial amounts associated to these categories were much higher in case the related irregularities were reported as fraudulent.

¹¹⁷ For details about the content of the categories listed in Tables CP23 and CP24, please see Annex 12.

¹¹⁸ For 10 irregularities reported as non-fraudulent, the use of false/falsified documents was mentioned, which seems to suggest intentionality.

Similarly to Table CP23, Table CP24 provides an overview of the categories of irregularities reported in connection with the priority 'Environment protection and Risk prevention' within PP 2007-2013.

In general, it can be noticed that 2.7% of cases affecting this priority were reported as fraudulent (see table CP19).

Table CP24: Programming period 2007-13 - Categories of irregularity/Modus operandi detected in relation to priority "Environment protection and Risk prevention"

Categories of irregularities	Irregularities reported as fraudulent			Irregularities not reported as fraudulent		
	N	EUR	EUR/avg	N	EUR	EUR/avg
Infringement of public procurement rules	27	20,254,309	750,160	1,322	292,891,939	221,552
Eligibility / Legitimacy of expenditure/measure	25	16,860,832	674,433	386	74,842,543	193,893
Incorrect, missing, false or falsified supporting documents	17	28,956,492	1,703,323	87	17,087,105	196,404
Infringement of contract provisions/rules	11	11,204,608	1,018,601	476	150,090,198	315,316
Ethics and integrity	6	10,526,953	1,754,492			
Incorrect, absent, falsified accounts				52	10,510,138	202,118
Infringements concerning the request				28	4,930,125	176,076
Violations/breaches by the operator				23	5,167,530	224,675
Multiple financing				17	4,720,223	277,660
Product, species and/or land				12	2,939,170	244,931
Bankruptcy				9	3,822,531	424,726
Other	4	10,779,565	2,694,891	271	99,129,793	365,793
blank	2	326,688	163,344	108	23,714,922	219,583

Focusing on the irregularities reported as fraudulent, the most mentioned categories were referring to 'Infringement of public procurement rules' and 'eligibility or legitimacy of the expenditure/measure', often combined in the same case. 'Incorrect/missing/false or falsified documents' were mentioned less often, but with the highest financial amounts involved. Half of the violations concerning 'ethics and integrity' concerned corruption. One case was about conflict of interest.

Focusing on the irregularities not reported as fraudulent, 'Infringements of public procurement rules' were by far the most mentioned, followed by violations concerning 'contract provisions/rules' and 'eligibility or legitimacy of the expenditure/measure'.

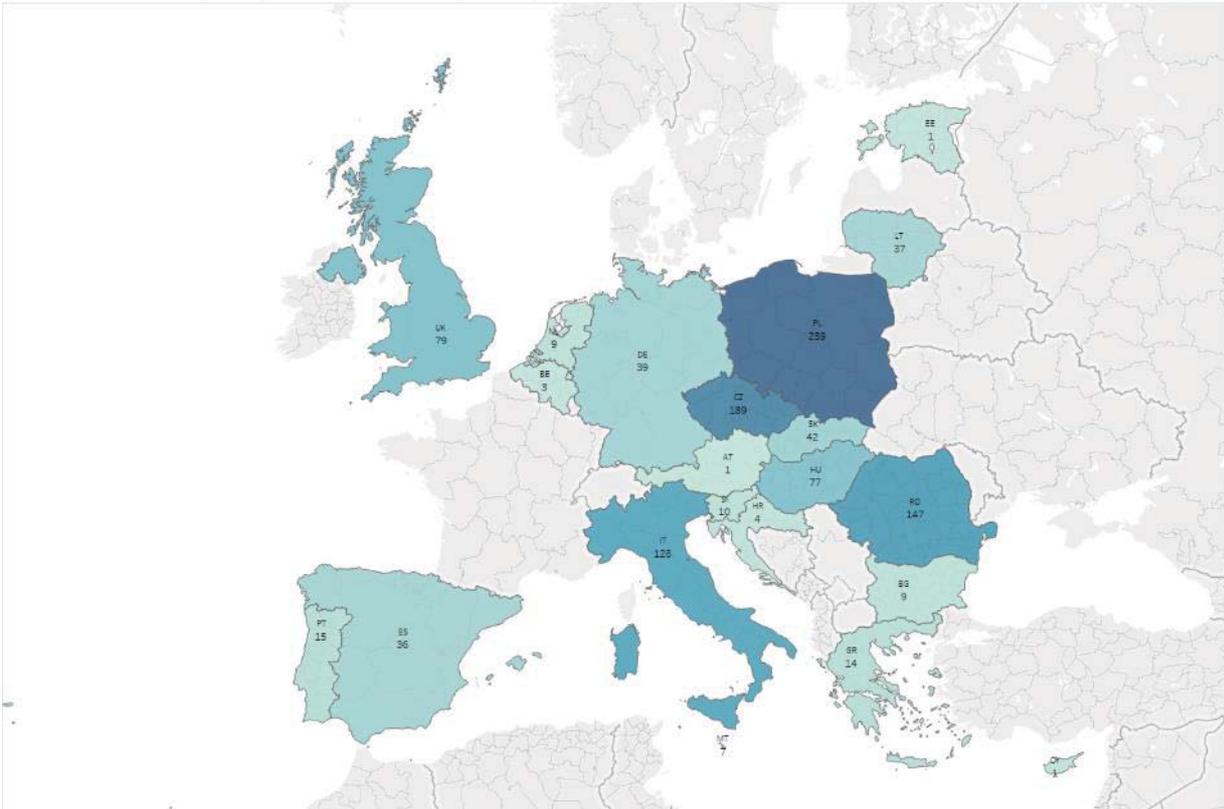
The FFL for 'Infringement of public procurement rules' and 'of contract provisions/rules' were low (about 2%). 'Incorrect/missing/false or falsified documents'¹¹⁹ had the highest FFL among the most reported categories (about 16%).

4.2.2.5. Geographical distribution of irregularities (fraudulent and non-fraudulent) detected in relation to the 'Tourism' and 'Environment protection and Risk prevention'

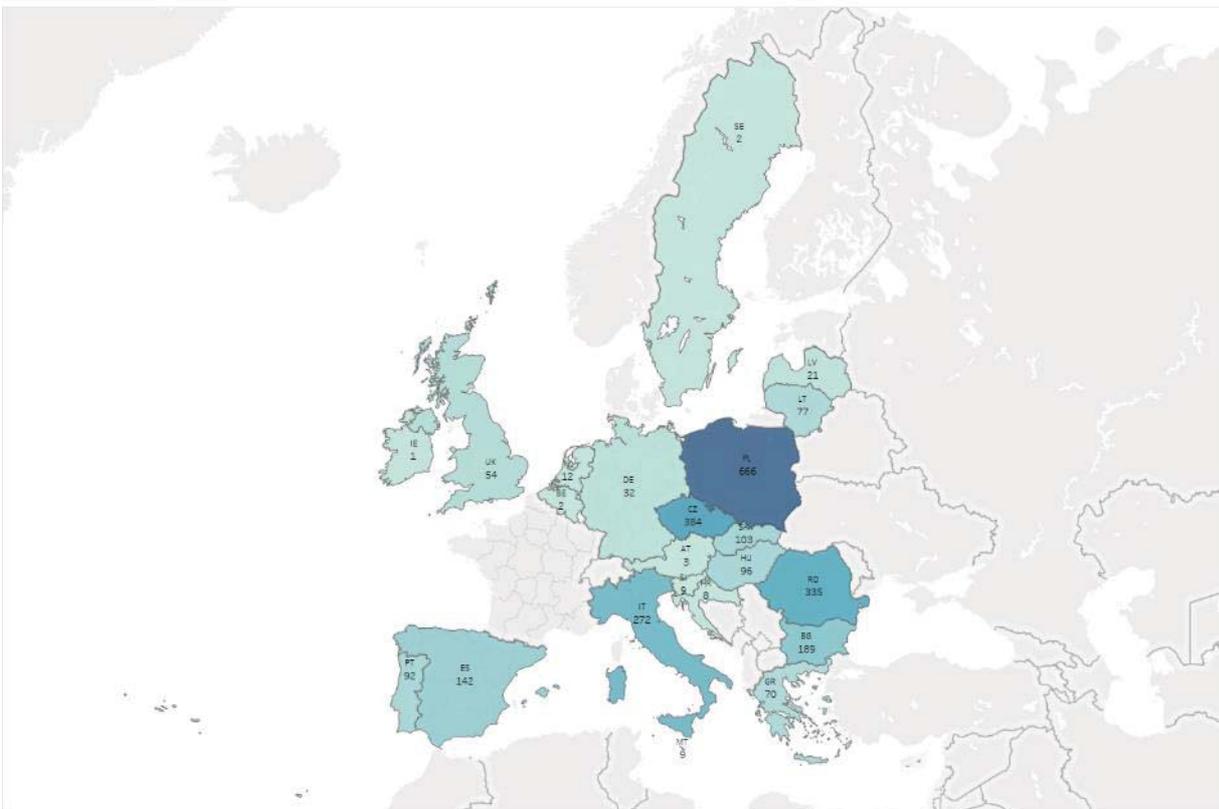
Maps CP1 and CP2 show the geographical distribution of the irregularities (fraudulent and non-fraudulent) reported in relation to the priorities *Tourism* and 'Environment protection and Risk prevention'. It is worth reminding that this is based on the irregularities for which the Member States have specified the priority affected by the irregularity. For example, France has never specified the affected priority, so even if a number of irregularities might possibly concern *Tourism* or 'Environment protection and Risk prevention', this cannot be reflected in this analysis and in Maps CP1 and CP2.

¹¹⁹ For 3 irregularities reported as non-fraudulent, the use of false/falsified documents was mentioned, which seems to suggest intentionality.

Map CP1: Number of irregularities (fraudulent and non-fraudulent) reported by the Member States in relation to the theme 'Tourism' - Programming period 2007-13 - Cohesion policy



Map CP2: Number of irregularities (fraudulent and non-fraudulent) reported by the Member States in relation to the theme 'Environment protection and Risk prevention' - Programming period 2007-13 - Cohesion policy



Some Member States were relatively more affected by (or were more efficient in detecting) irregularities related to 'Tourism', such as Hungary and the United Kingdom, while in other

Member States irregularities related to 'Environment protection and Risk prevention' weighed more, such as in Bulgaria and Poland.¹²⁰

4.3 Reasons for performing control

In the context of the antifraud cycle, the detection capability is a key feature, which contributes to the effectiveness and efficiency of the system for the protection of the EU budget.

In last year's Report, an analysis of the reasons for performing controls was introduced and led to the recommendation to further exploit the potential of risk analysis, tailoring the approach to the different types of expenditure and taking advantage of best practices and the risk elements highlighted in that Report. Furthermore, it was recommended to facilitate and assess the spontaneous reporting of potential irregularities from the civil society and strengthen the protection of whistle-blowers that are also a crucial source for investigative journalism.

Tables CP25 and CP26 seem to confirm that so far there has been little improvement on the ground. However, as last year's Report was adopted at the beginning of September 2018, it is probably too early to draw any conclusion. Effective evolution from reactive to proactive detections based on risk analysis may take time.

With a focus on controls that led to discover irregularities reported as fraudulent, Table CP25 provides information on the number of controls that were performed because of reasons that can be linked to the above mentioned recommendations. It compares the situation until 2017 with the situation in 2018. On the one hand, Table CP25 does not show any significant change concerning the use of risk analysis.¹²¹ On the other hand, it shows a noticeable increase in the share of fraudulent irregularities detected through tips (from 7% to 17%¹²²), but this was not broad-based in terms of the Member States contributing to this improvement. Table CP25 shows also that, to a lesser extent, there was an increase in the share of fraudulent irregularities detected through the use of information published by the media (from 2% to 3.5%).

Table CP 25

Reason for performing control	Irregularities reported as fraudulent - Cohesion policy - Programming periods 2007-2013 and 2014-2020					
	2008-2017			2018		
	N.	%	EUR	N.	%	EUR
Risk analysis	18	0.99	43,320,153	3	0.86	231,096
Comparison of data	44	2.41	5,560,361	4	1.15	4,491,189
Probability checks	6	0.33	1,090,597	1	0.29	39,016
Statistical analysis	0	0.00	0	0	0.00	0
Tip from informant, whistle-blower etc.	140	7.66	148,342,133	61	17.58	59,338,603
Information published in the media	37	2.03	252,699,165	12	3.46	625,464,056
<i>Total</i>	<i>1,827</i>		<i>1,369,087,288</i>	<i>347</i>		<i>955,729,124</i>

Table CP26 provides the same overview of Table CP25, with a focus on controls that led to discover irregularities not reported as fraudulent.

¹²⁰ This is assessed through the difference between the percentage of the irregularities reported by a Member State (over the total number of irregularities reported by all Member States) in 'Tourism' and in 'Environment protection'. Where this difference (between the 'Tourism' percentage and the 'Environment protection' percentage) in a Member State approached or exceeded 3 pp, the same Member State has been mentioned in the main body of the text as relatively more affected by (or more efficient in detecting) 'Tourism' or 'Environment protection' irregularities.

¹²¹ In the Table also other reasons that might hint to the use of some forms of risk analysis have been introduced (comparison of data, probability checks and statistical analysis).

¹²² About 70% of the cases detected in 2018 were reported by Hungary and the Czech Republic. While the Czech Republic was amongst the Member States that detected more often irregularities on the basis of tips also before 2018, this was not the case for Hungary.

Table CP 26

Reason for performing control	Irregularities not reported as fraudulent - Cohesion policy - Programming periods 2007-2013 and 2014-2020					
	2008-2017			2018		
	N.	%	EUR	N.	%	EUR
Risk analysis	327	0.87	63,258,620	75	4.18	10,438,401
Comparison of data	244	0.65	106,386,806	9	0.50	1,145,634
Probability checks	124	0.33	29,915,419	12	0.67	8,242,671
Statistical analysis	98	0.26	13,197,260	0	0.00	0
Tip from informant, whistle-blower etc.	385	1.03	54,923,009	30	1.67	6,961,687
Information published in the media	110	0.29	84,957,442	26	1.45	4,633,173
<i>Total</i>	<i>37,421</i>		<i>8,237,712,629</i>	<i>1,795</i>		<i>595,867,189</i>

On the one hand, Table CP26 does not show any significant change concerning the share of non-fraudulent irregularities detected through tips (as it was instead the case for the fraudulent irregularities). On the other hand, it shows some increase in the share of non-fraudulent irregularities detected through the use of risk analysis (from 0.9% to 4.2%) and, to a lesser extent, making use of information published by the media (from 0.3% to 1.4%). Nearly all non-fraudulent irregularities detected through risk analysis in 2018 were reported by Poland and the Czech Republic, which were amongst the Member States that detected more often irregularities on the basis of risk analysis also before 2018.

4.4. Antifraud and control activities by Member States

Previous Sections have examined the trend and main characteristics of the reported irregularities. The present Section 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 the irregularities;
- the number of irregularities reported as fraudulent by each Member State;
- the fraud detection rate (FDR - the ratio between the amounts involved in cases reported as fraudulent and the payments occurred in relation to the PP 2007-13) and the irregularity detection rate (IDR - the ratio between the amounts involved in cases not reported as fraudulent and the payments occurred in relation to the PP 2007-13)¹²³;
- the ratio of cases of established fraud on the total number of irregularities reported as fraudulent.

4.4.1. Duration of irregularities

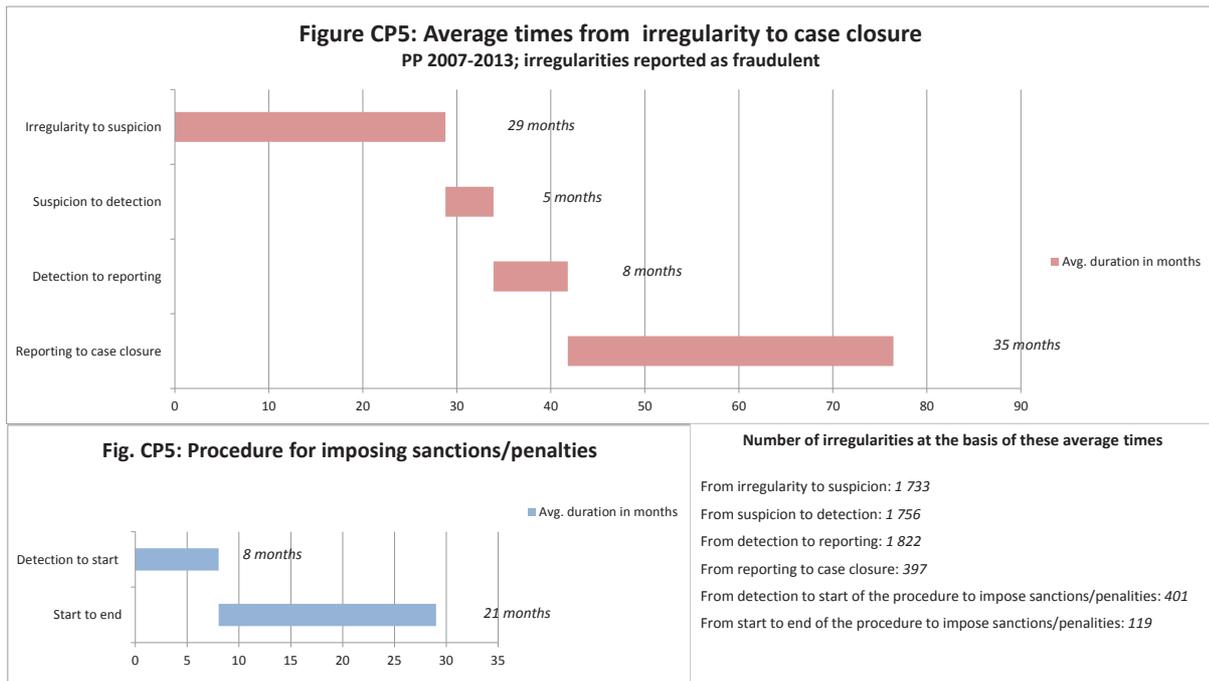
With reference to the Cohesion and Fisheries policies, of the 40 776 irregularities (fraudulent and non-fraudulent) reported by Member States in relation to the PP 2007-13, 20 298 (50% of the total) involved infringements that have been protracted during a span of time. For the 2 010 irregularities reported as fraudulent, this percentage was higher, at about 60%. The remaining part of the dataset refers to irregularities which consisted of a single act identifiable on a precise date (about 23% of the whole dataset and 30% of that including exclusively the fraudulent

¹²³ The Member States have the obligation to report only irregularities for which payment and certification to the European Commission occurred. As a consequence, the IDR focuses on the 'repressive' side of the anti-fraud cycle and does not include the results of 'prevention' activities. This does not apply to the FDR, as fraudulent cases must be reported regardless.

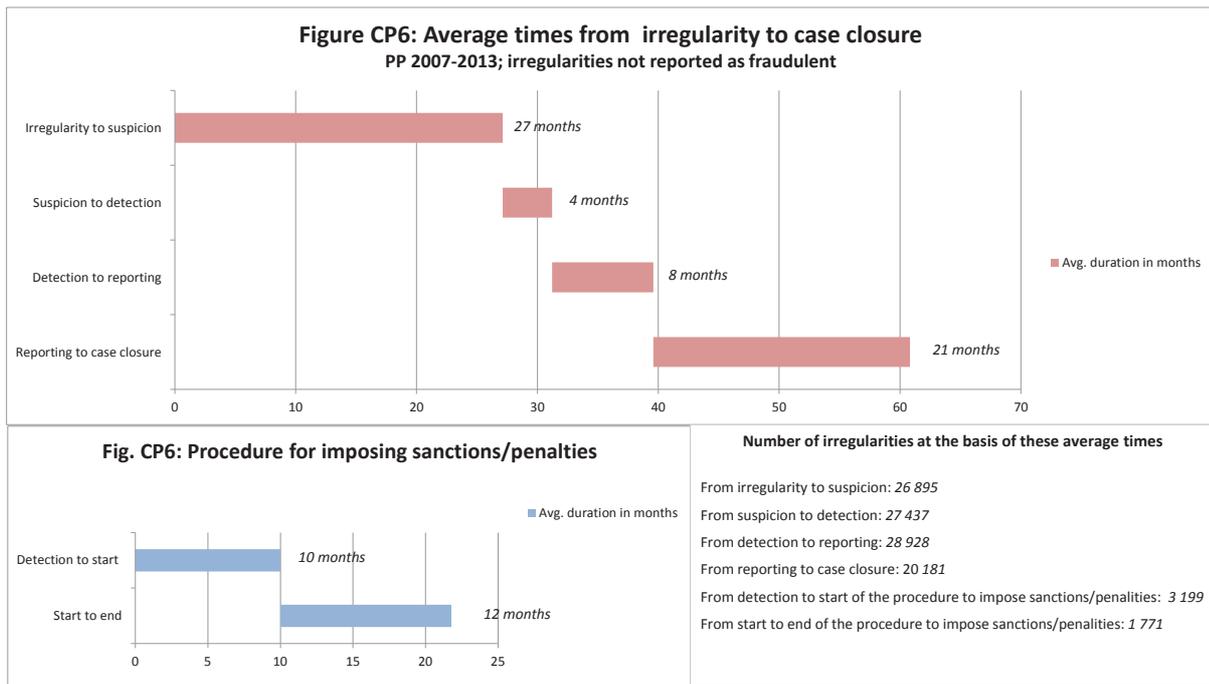
irregularities) or for which no reliable information has been provided by the Member States¹²⁴ (27% of the whole dataset and 11% of the irregularities reported as fraudulent).

The average duration of the irregularities which have been protracted over time was 21 months (*i.e.* 1 year and 9 month). For the irregularities reported as fraudulent, this average was similar: 20 months.

Figures CP5 and CP6 show the average duration of the different phases a case can go through, from perpetration to case closure. Figure CP5 focuses on irregularities reported as fraudulent, while Figure CP6 covers the ones not reported as fraudulent. Both Figures refer to the PP 2007-2013 (Cohesion and Fisheries policies).



¹²⁴ This includes cases where start date and end date were not filled in, cases where only the end date was filled in, cases where the end date was before the start date, cases where a date was before 2005 (because the analysis is focusing on PP 2007-2013, so a date before 2005 might be a mistake).



Both for fraudulent and non-fraudulent irregularities, on average, it took more than two years to come to the suspicion that an irregularities had been or was being perpetrated. Once the suspicion arose, the Member State detected the irregularity in less than half a year. Then the irregularity was reported to the Commission only after eight months from the detection. The only significant difference between fraudulent and non-fraudulent irregularities was in the average time from the reporting to the Commission to the case closure, which was much longer for the irregularities reported as fraudulent. This is consistent with the longer duration of penal proceedings. This is reflected also in the procedures for imposing sanctions or penalties. They started after a similar time period after detection (8 or 10 months for fraudulent and non-fraudulent irregularities, respectively), but then it took, on average, one year to close the procedure in case of a non-fraudulent irregularity and nearly two years in case of a fraudulent irregularity. This may be due to overlaps with the penal procedure.

Figure CP7 shows the average times for the irregularities referring to PP 2014-2020 (Cohesion and Fisheries policies). These average times were shorter than the ones related to PP 2007-2013. However, it should be considered that these durations are based on much less cases and that irregularities that are more craftily hidden or that are more difficult to investigate will probably add as time passes, pushing these averages up. The average times in Figure CP7 are similar to those in Figure CP8¹²⁵, which refers to the cases related to PP 2007-13 that had been reported after a comparable period of time from the start of the programming period.

¹²⁵ With the obvious exception of the time between reporting and case closure.

Figure CP7: Average times from irregularity to case closure
PP 2014-2020; irregularities reported as fraudulent

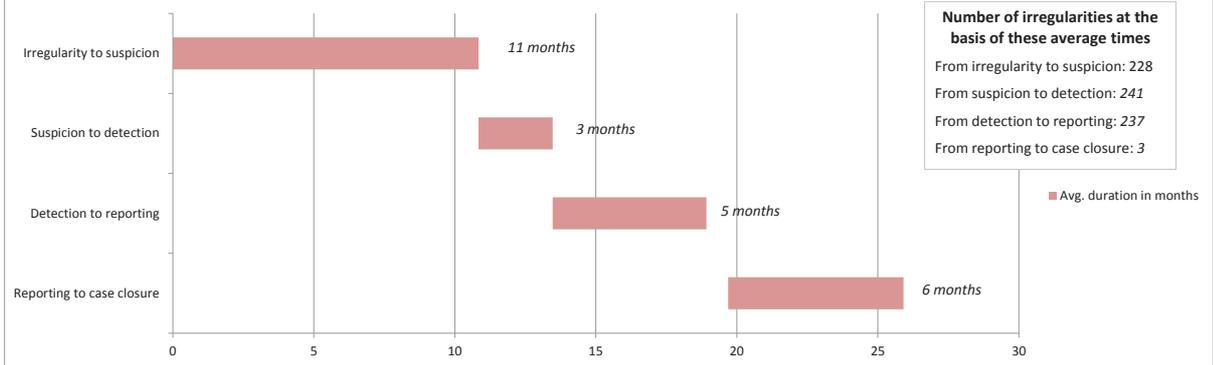


Figure CP7: Average times from irregularity to case closure
PP 2014-2020; irregularities not reported as fraudulent

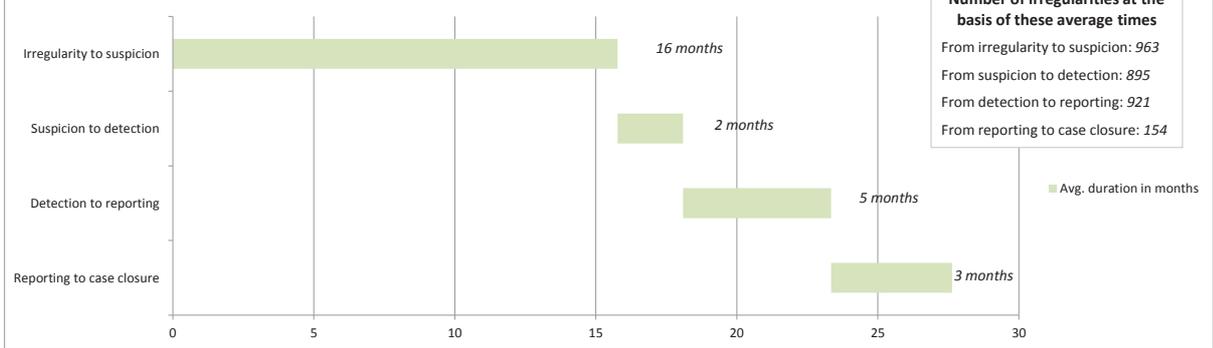


Figure CP8: Average times from irregularity to case closure
PP 2007-2013 (time period comparable to PP 2014-2020); irregularities reported as fraudulent

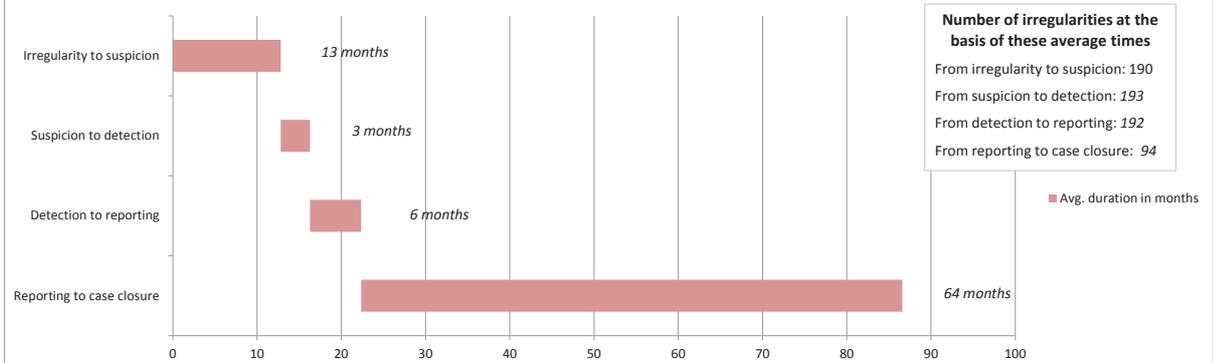
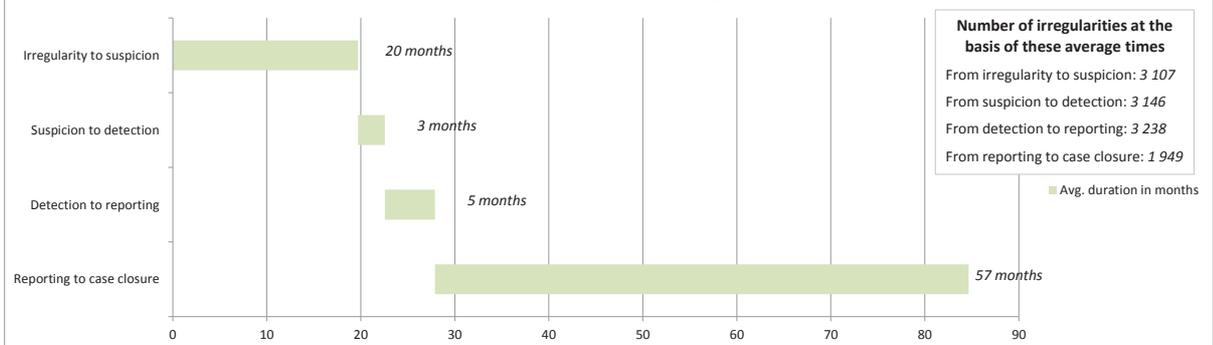


Figure CP8: Average times from irregularity to case closure
PP 2007-2013 (time period comparable to PP 2014-2020); irregularities not reported as fraudulent



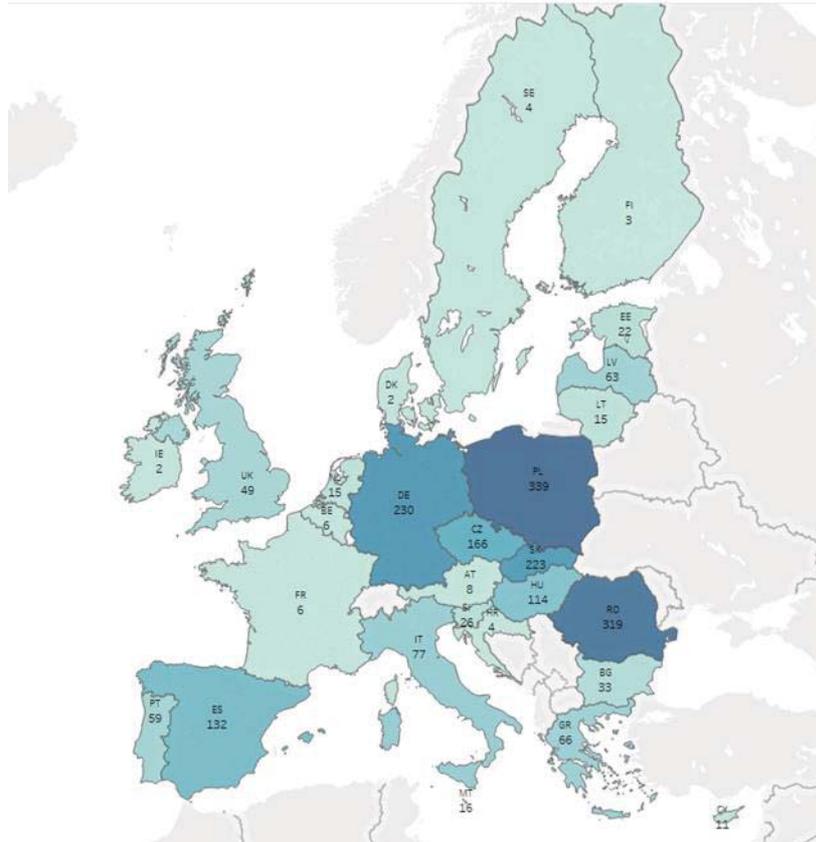
4.4.2. Detection of irregularities reported as fraudulent by Member State

Map CP3 shows the number of irregularities reported as fraudulent by Member State in relation to the PP 2007-13.

Only Luxembourg has notified no irregularity as fraudulent; fourteen (14) Member States reported less than 30 potentially fraudulent irregularities; Three (3) countries reported between 30 and 60; three (3) Member States between 60 and 90; seven (7) more than 90.

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

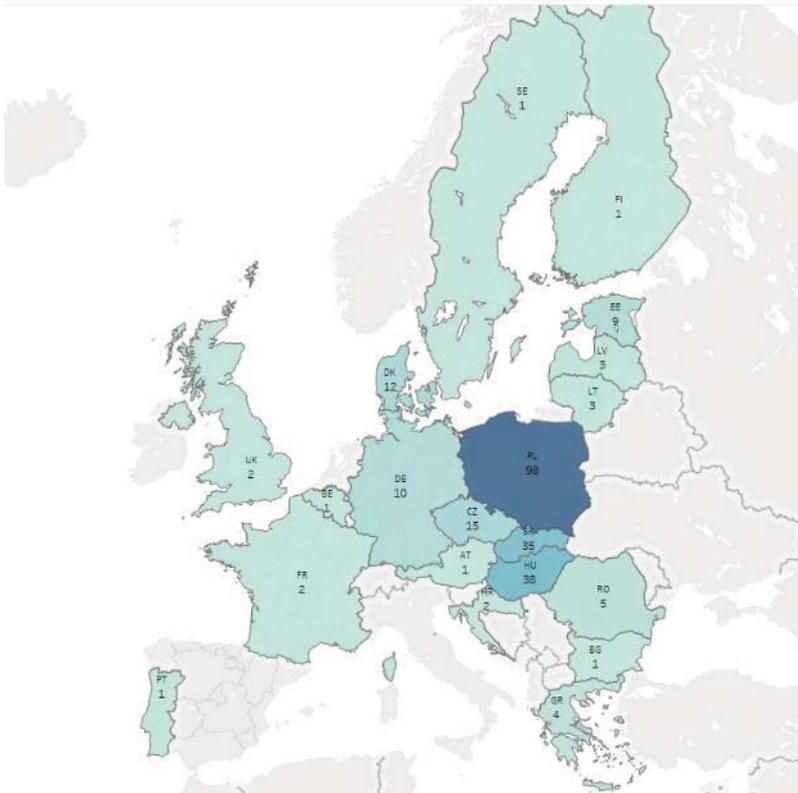
Map CP3: Number of irregularities reported as fraudulent by Member State in relation to the Programming period 2007-13 - Cohesion and fisheries policies



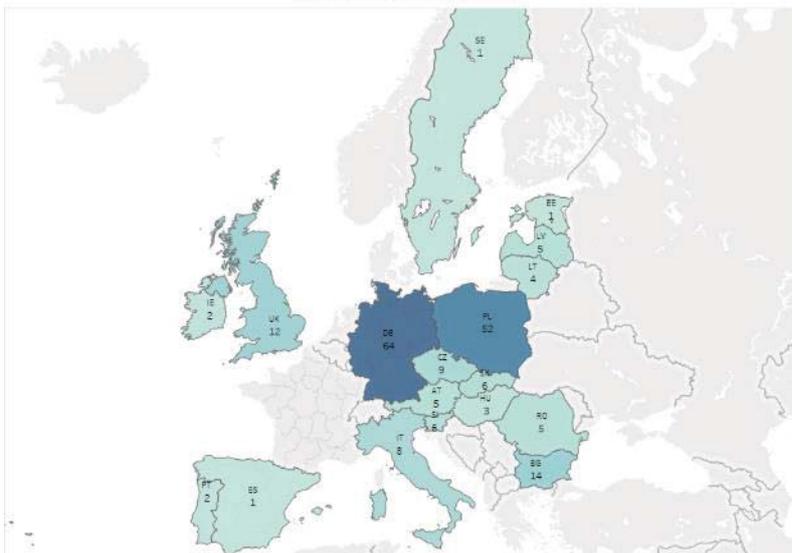
Map CP4 shows the geographic distribution of detections related to the current PP 2014-2020. Twenty (20) Member States have already reported at least one irregularity as fraudulent.

Map CP5 refers to the irregularities that had been reported after a comparable period of time from the start of the programming period 2007-13. It is too early to draw any conclusion. However, it is noticeable the decrease in the number of irregularities reported as fraudulent by Germany and the increase of those reported by Poland, Hungary and Slovakia.

Map CP4: Number of irregularities reported as fraudulent
by Member State in relation to the Programming period 2014-20 - Cohesion and fisheries policies



Map CP5: Number of irregularities reported as fraudulent
by Member State in relation to the Programming period 2007-13 (time period comparable with PP 2014-20)
Cohesion and fisheries policies

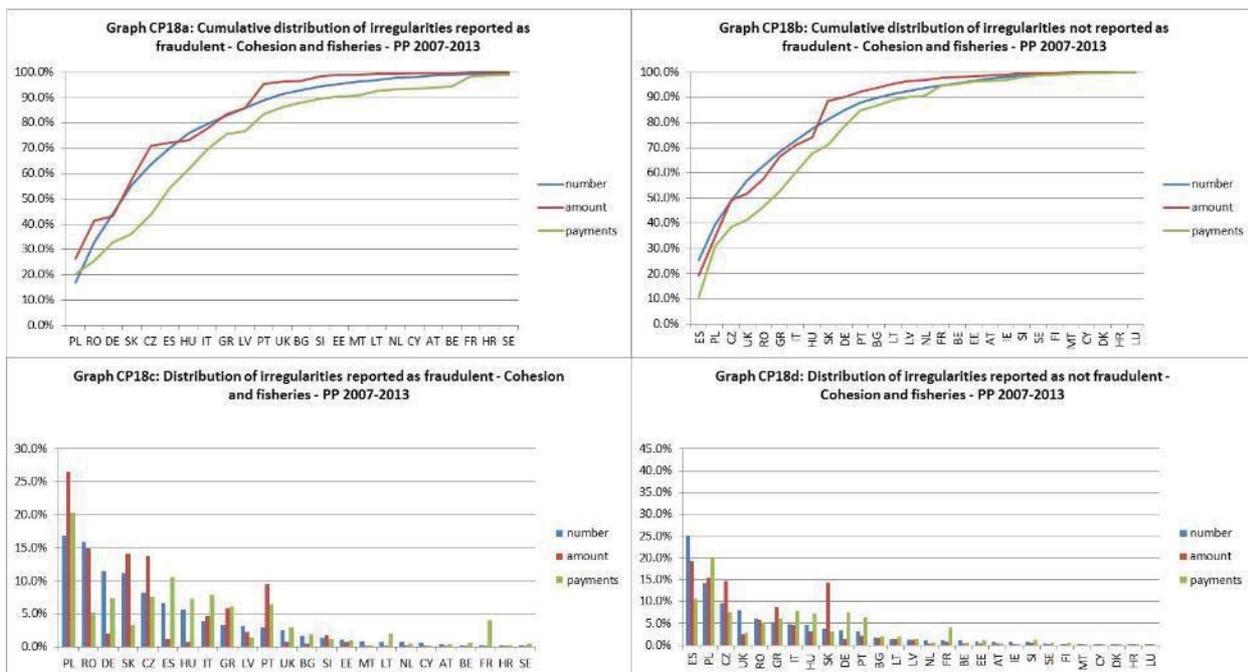


For PP 2007-2013, Map CP3 suggests that the concentration of reporting of irregularities in certain Member States could go beyond what could be expected on the basis of the distribution of payments related to the cohesion and fisheries policies among Member States. Also the analysis of the irregularities that affected the priorities '*Tourism*' and '*Environment protection and risk prevention*' suggests that the majority of irregularities and financial amounts in these domains were reported by very few Member States (see Section 4.2.2.3.).

Graphs CP18 help assessing the level of concentration. Respectively for fraudulent and non-fraudulent irregularities, Graphs CP18a and CP18b show the cumulative percentage distribution of the number of cases and related financial amounts involved in relation to cohesion and

fisheries policies. The Member States are sorted on the basis of the number of irregularities reported.

Graph CP18a shows that the first three Member States (Poland, Romania and Germany) reported slightly more than 40% of all fraudulent irregularities related to cohesion and fisheries, while they received a little more than 30% of the payments. The same percentages related to non-fraudulent irregularities were a little higher (about 50% and 40%, respectively). While Poland was still among the Member State with the highest number of cases reported, Spain and Czech Republic ranked first and third.

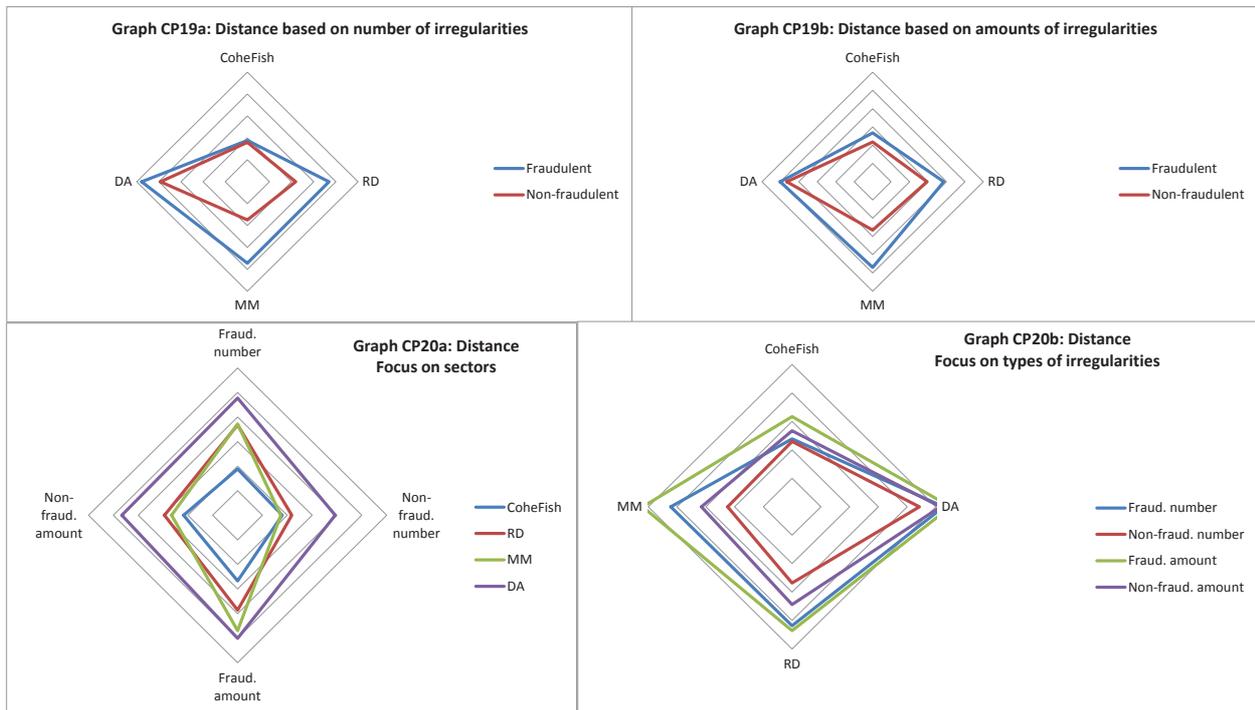


In general, the cumulative distributions of number of cases and financial amounts rose fast - which points to concentration of detections in a limited number of Member States - and did not overlap with the cumulative distribution of payments related to cohesion and fisheries – which points to the fact that the aforementioned concentration is not fully explained by the share of payments received. However, the rise of the cumulative distributions of number of cases and financial amounts is smoother than for agriculture (see Sections 3.4.3.1-3.4.3.3) and the distance from cumulative distribution of payments looks smaller (see also below), in particular for non-fraudulent irregularities. To better assess the contribution of each Member State to these patterns, Graph CP18c and CP18d present the individual shares of number of cases, financial amounts involved and payments, respectively for fraudulent and non-fraudulent irregularities.

It seems that the concentration of detections is not fully explained by the distribution of payments during the programming period 2007-2013, but this was less evident than in agriculture (during the period 2014-2018). Graphs CP19 and CP20 are based on an overall measure of the distance between the distribution of detections in different Member States and the distribution of payments received by the Member States in the same period.¹²⁶ They confirm that the distance for cohesion and fisheries is smaller, especially with reference to fraudulent irregularities. This may suggest that approaches of Member States to the use of criminal law to

¹²⁶ See explanation about this measure in Section 3.4.3.4.

protect the EU budget might be more homogeneous in the cohesion and fisheries policies than in the agriculture domains.¹²⁷



4.4.3. Fraud detection rate

The fraud detection rate compares the results obtained by Member States in their fight against fraud with the related payments. Considering the multi-annual nature of the cohesion policy spending programmes, no annual analysis is proposed, focusing instead on the whole PP 2007-13, for which the documents for closure have been presented during 2017 (see Table CP 27).

The FDR is the highest for Slovakia and Romania, above 1%. Other Member States (Czech Republic, Latvia, Poland, Portugal and Slovenia) show a FDR between 0.5% and 1%.

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 the expenditure is paid out by the beneficiary in implementing the operation. 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 'CB' 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.

Table CP28 shows data about fraud detection in the MS with reference to the ongoing PP 2014-2020. These data are expected to change as implementation progresses. If the trend of the previous PP is confirmed, most of the fraudulent irregularities are still to be detected. This will be counterbalanced by the growing amounts of payments to the Member States.¹²⁸ It is too early

¹²⁷ However, it should also be considered that differences in terms of detections of irregularities reported as fraudulent are influenced also by difference practices in different Member States concerning the stage of the procedure when potentially fraudulent irregularities are reported.

¹²⁸ The FDR in Table CP28 and the IDR in Table CP30 are based on net payments. In this context, net payments means: Cumulative initial pre-financing + Cumulative additional initial pre-financing (less recovery of additional initial pre-financing) + Cumulative annual pre-financing (less recovery of annual pre-financing) + Net interim

to draw any conclusion and the FDR in Table CP28 can not be directly compared with those in Table CP27, but Section 4.1.3 already contains a preliminary comparison between PP 2007-2013 and PP 2014-2020.¹²⁹

Table CP 27: 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 PP 2007-13		Payments PP 2007-2013 (1)	Fraud detection rate
	Reported N	Involved amounts EUR		
AT	8	1,542,060	1,133,073,296	0.14
BE	6	437,725	2,043,040,307	0.02
BG	33	6,909,882	6,478,262,826	0.11
CY	11	1,156,899	632,159,410	0.18
CZ	166	221,238,815	25,297,525,107	0.87
DE	230	31,745,661	24,876,529,713	0.13
DK	2	234,251	636,568,650	0.04
EE	22	12,184,524	3,313,626,524	0.37
ES	132	19,216,750	35,344,283,649	0.05
FI	3	66,629	1,624,713,804	0.00
FR	6	2,886,409	13,409,450,111	0.02
GR	66	94,982,697	20,402,688,084	0.47
HR	4	2,184,460	753,547,336	0.29
HU	114	10,694,618	24,451,677,505	0.04
IE	2	15,672	792,923,528	0.00
IT	77	76,299,295	26,319,188,280	0.29
LT	15	1,859,994	6,826,777,738	0.03
LU	0	0	50,487,332	0.00
LV	63	37,044,374	4,655,067,616	0.80
MT	16	305,510	812,089,226	0.04
NL	15	4,324,984	1,689,006,806	0.26
PL	339	427,714,210	67,882,583,780	0.63
PT	59	153,970,870	21,627,850,677	0.71
RO	319	239,981,387	17,164,488,940	1.40
SE	4	66,797	1,652,455,347	0.00
SI	26	27,892,274	4,121,031,332	0.68
SK	223	227,828,035	10,922,645,890	2.09
UK	49	12,164,403	9,661,144,852	0.13
CB	41	6,876,654	7,748,282,958	0.09
TOTAL	2,010	1,614,949,184	342,323,170,624	0.47

(1) Net payments until April 2019 from CF, ERDF, ESF, EFF

payments. Net interim payments are cumulative interim payments less recovery of expenses, plus annual pre-financing covered by expenditure. For more information, see:

<https://cohesiondata.ec.europa.eu/2014-2020/ESIF-2014-2020-EU-payments-daily-update-/gayr-92qh>

To be noticed that initial pre-financing is frontloaded at the beginning of the programming period and this is an additional factor influencing FDR and IDR during the first part of the programming period.

¹²⁹ It is worth repeating that the higher FDR related to PP 2014-2020 is significantly influenced by 2 cases reported by Slovakia, where nearly EUR 600 million are involved. This is reflected also in the anomalous FDR associated to Slovakia (21%)

Table CP 28: Number of irregularities reported as fraudulent, amounts involved and fraud detection rate by Member State - Programming period 2014-20

Member State	Irregularities reported as fraudulent PP 2014-20		Payments PP 2014-2020 (1)	Fraud detection rate
	Reported N	Involved amounts EUR		
			EUR	%
AT	1	200	202,835,237	0.00
BE	1	1,553	439,291,562	0.00
BG	1	370,891	1,755,910,702	0.02
CY	0	0	266,435,157	0.00
CZ	15	2,646,264	4,970,430,480	0.05
DE	10	473,429	4,526,906,605	0.01
DK	12	870,189	137,687,112	0.63
EE	9	1,612,780	1,142,284,451	0.14
ES	0	0	5,631,276,118	0.00
FI	1	425,525	520,161,435	0.08
FR	2	9,043,511	3,345,623,300	0.27
GR	4	12,613,172	5,102,004,586	0.25
HR	2	1,093,157	1,027,492,028	0.11
HU	38	9,877,015	6,875,619,535	0.14
IE	0	0	214,053,983	0.00
IT	0	0	5,413,642,493	0.00
LT	3	343,691	1,949,706,637	0.02
LU	0	0	16,325,936	0.00
LV	3	58,963	932,912,265	0.01
MT	0	0	148,279,671	0.00
NL	0	0	299,359,158	0.00
PL	98	44,650,568	21,251,977,464	0.21
PT	1	2,168,010	6,657,375,487	0.03
RO	5	153,425	4,310,931,222	0.00
SE	1	303,550	511,348,991	0.06
SI	0	0	603,459,535	0.00
SK	35	644,730,949	3,038,951,565	21.22
UK	2	366,322	2,084,485,734	0.02
TOTAL	244	731,803,163	84,920,542,844	0.86

(1) Net payments until 2018 from CF, ERDF, ESF, EMFF. Total includes payments related to cross border co-operation.

4.4.4. Irregularity Detection Rate

The irregularity detection rate compares the results obtained by Member States in detecting non-fraudulent irregularities with the related payments. Considering the multi-annual nature of the Cohesion policy spending programmes, no annual analysis is proposed, focusing instead on the whole programming period 2007-13, for which the documents for closure have been presented during 2017 (see Table CP 29).

The IDR is the highest for Slovakia (more than 10%) and for Czech Republic, Spain and Greece (between 3% and 5%).

Table CP 29: 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 PP 2007-13		Payments PP 2007-2013 EUR	Irregularity detection rate (1) %
	Reported N	Involved amounts EUR		
AT	315	25,258,098	1,133,073,296	2.23
BE	392	24,911,009	2,043,040,307	1.22
BG	711	142,586,033	6,478,262,826	2.20
CY	55	4,436,574	632,159,410	0.70
CZ	3,734	1,263,810,151	25,297,525,107	5.00
DE	1,342	128,097,694	24,876,529,713	0.51
DK	51	2,554,866	636,568,650	0.40
EE	345	34,856,854	3,313,626,524	1.05
ES	9,783	1,669,421,847	35,344,283,649	4.72
FI	80	3,763,761	1,624,713,804	0.23
FR	417	61,963,657	13,409,450,111	0.46
GR	2,067	756,340,887	20,402,688,084	3.71
HR	32	6,942,053	753,547,336	0.92
HU	1,763	281,931,231	24,451,677,505	1.15
IE	270	16,257,085	792,923,528	2.05
IT	1,830	397,273,207	26,319,188,280	1.51
LT	561	125,862,350	6,826,777,738	1.84
LU	8	210,788	50,487,332	0.42
LV	483	105,056,108	4,655,067,616	2.26
MT	80	15,802,047	812,089,226	1.95
NL	430	33,696,488	1,689,006,806	2.00
PL	5,487	1,325,628,861	67,882,583,780	1.95
PT	1,252	184,555,179	21,627,850,677	0.85
RO	2,318	506,319,519	17,164,488,940	2.95
SE	147	8,105,895	1,652,455,347	0.49
SI	259	52,182,753	4,121,031,332	1.27
SK	1,479	1,246,560,891	10,922,645,890	11.41
UK	3,075	212,523,866	9,661,144,852	2.20
CB	562	33,804,697	7,748,282,958	0.44
TOTAL	38,766	8,636,909,752	342,323,170,624	2.52

(1) Net payments until April 2019 from CF, ERDF, ESF, EFF

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 expenditure is paid out by the beneficiary in implementing the operation. 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 'CB' 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.

Table CP30 shows data about fraud detection in the MS with reference to the ongoing PP 2014-2020. These data are expected to change as implementation progresses. If the trend of the previous PP is confirmed, most of the fraudulent irregularities are still to be detected. This will be counterbalanced by the growing amounts of payments to the Member States. It is too early to draw any conclusion and the IDR in Table CP30 can not be directly compared with those in Table CP29, but Section 4.1.3 already contains a preliminary comparison between PP 2007-2013 and PP 2014-2020.

Table CP 30: Number of irregularities not reported as fraudulent, amounts involved and irregularity detection rate by Member State - Programming period 2014-20

Member State	Irregularities not reported as fraudulent PP 2014-20		Payments PP 2014-2020	Irregularity detection rate (1)
	Reported	Involved amounts		
	N	EUR	EUR	%
AT	6	228,543	202,835,237	0.11
BE	11	444,433	439,291,562	0.10
BG	36	8,243,472	1,755,910,702	0.47
CY	3	204,214	266,435,157	0.08
CZ	75	41,739,485	4,970,430,480	0.84
DE	28	1,922,106	4,526,906,605	0.04
DK	2	327,025	137,687,112	0.24
EE	62	7,856,513	1,142,284,451	0.69
ES	0	0	5,631,276,118	0.00
FI	17	1,282,620	520,161,435	0.25
FR	38	2,693,453	3,345,623,300	0.08
GR	36	11,538,886	5,102,004,586	0.23
HR	33	4,160,953	1,027,492,028	0.40
HU	55	13,275,384	6,875,619,535	0.19
IE	0	0	214,053,983	0.00
IT	12	824,732	5,413,642,493	0.02
LT	57	6,682,442	1,949,706,637	0.34
LU	0	0	16,325,936	0.00
LV	11	1,034,395	932,912,265	0.11
MT	1	15,800	148,279,671	0.01
NL	2	33,497	299,359,158	0.01
PL	301	74,280,857	21,251,977,464	0.35
PT	38	3,706,220	6,657,375,487	0.06
RO	2	35,573	4,310,931,222	0.00
SE	12	412,463	511,348,991	0.08
SI	3	1,339,600	603,459,535	0.22
SK	82	105,180,052	3,038,951,565	3.46
UK	492	2,564,447	2,084,485,734	0.12
TOTAL	1,415	290,027,165	84,920,542,844	0.34

(1) Net payments until 2018 from CF, ERDF, ESF, EMFF. Total includes payments related to cross border co-operation.

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

Table CP31 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 2018 would be meaningless, as the criminal proceedings leading to a conviction for fraud may take several years, while using the period 2010-14 or later periods would make it impossible to make a sound comparison with figures published in the 2013 Report.

Table CP31 is integrated with the ‘Dismissal ratio’, calculated as the differences between the total number of irregularities reported as fraudulent at the time of the 2013 Report and the total that takes into account the updates received until the end of 2018. A positive ratio means that Member States have classified as ‘suspected’ or ‘established fraud’ irregularities appearing as non-fraudulent in 2013.

In this respect, the average ratio of established fraud at EU level is 17%, increasing from 16% of 2017. The dismissal ratio is 15%. This means that the number of cases that had been reported during 2009-2013 that were still classified as fraudulent at the end of 2018 has decreased by 15% from the end of 2013. This decrease may be due to cases that have been cancelled or that have been re-classified as non-fraudulent, which justify taking this measure as a dismissal ratio. However, it must be considered that between 2014 and 2018, a number of cases that had initially been classified as non-fraudulent may have been re-classified as fraudulent, contributing to

compensate at least part of the decrease. If these cases were not considered in the calculation, the dismissal ratio would be higher. Focusing on the cases that had been reported during 2009-2013 and that were still classified as fraudulent at the end of 2018 (including irregularities initially classified as non-fraudulent and then re-classified as fraudulent), 17% of them are considered as established fraud (*ratio of established fraud*).

If one considers exclusively the “decisions” (established + dismissed) of the 208 decided cases (102 established fraud and 106 dismissals), 49% is the ‘conviction rate’ and 51% the ‘dismissal rate’.

Table CP31: Number of cases of suspected and established fraud, ratio of established fraud, dismissal ratio - cases reported between 2009-13 in relation to the programming period 2007-2013

Member State	Suspected fraud	Established fraud	TOTAL	Ratio established fraud	TOTAL 2013	Dismissal ratio
	N	N		N		
AT	5	1	6	17%	6	0%
BE	2	0	2	0%	2	0%
BG	23	2	25	8%	30	-17%
CY	5	1	6	17%	4	50%
CZ	35	6	41	15%	63	-35%
DE	58	49	107	46%	125	-14%
EE	4	4	8	50%	7	14%
ES	1	0	1	0%	4	-75%
FI	0	0	0	N/A	3	-100%
FR	1	0	1	0%	1	0%
GR	18	3	21	14%	22	-5%
HU	8	0	8	0%	8	0%
IE	2	0	2	0%	2	0%
IT	56	0	56	0%	62	-10%
LT	9	0	9	0%	9	0%
LV	23	7	30	23%	45	-33%
MT	14	0	14	0%	14	0%
NL	1	0	1	0%	0	N/A
PL	109	18	127	14%	140	-9%
PT	12	0	12	0%	12	0%
RO	58	1	59	2%	60	-2%
SE	1	0	1	0%	5	-80%
SI	7	4	11	36%	13	-15%
SK	11	6	17	35%	21	-19%
UK	25	0	25	0%	38	-34%
TOTAL	488	102	590	17%	696	-15%

4.5 Other shared management Funds

There are other funds used under shared management. Table CP32 provides an overview of all the irregularities and related financial amounts that have been reported by the Member States up to 2018 with reference to:

- *Asylum, Migration and Integration Fund (AMIF)*: This Fund was set up for the period 2014-20, with a total of about EUR 3.1 billion. It is meant to promote the efficient management of migration flows and the implementation, strengthening and development of a common Union approach to asylum and immigration. The largest share of the total amount of the AMIF (approximately 88%) is to be channelled through shared management. Member States implement their multiannual National Programmes, which are prepared, implemented, monitored and evaluated by the responsible national authorities, in partnership with the relevant stakeholders in the field, including the civil society. All Member States except Denmark participate in the implementation of this Fund. Examples of beneficiaries of the programmes implemented under this Fund can be state and federal authorities, local public bodies, non-governmental organisations, humanitarian organisations, private and public law companies and education and research organisations.
- *Fund for European Aid to the Most Deprived (FEAD)*: Over EUR 3.8 billion are earmarked for this Fund for the period 2014-2020. FEAD supports Member States' actions to provide material assistance to the most deprived, including food, clothing and other essential items for personal use. Material assistance needs to go hand in hand with social inclusion measures, such as guidance and support to help people out of poverty. National authorities may also support non-material assistance to the most deprived people, to help them integrate better into society. Following the Commission's approval of national programmes, national authorities decide about the delivery of the assistance through partner organisations (public bodies or often non-governmental organisations).
- *European Globalisation Adjustment Fund (EGF)*: This Fund provides support to people losing their jobs as a result of major structural changes in world trade patterns due to globalisation or as a result of the global economic and financial crisis. The EGF has a maximum annual budget of EUR 150 million for the period 2014-2020. It can fund up to 60% of the cost of projects designed to help workers made redundant find another job or set up their own business. EGF cases are managed and implemented by national or regional authorities. Each project runs for 2 years.
- *Internal Security Fund (ISF)*: This fund was set up for the period 2014-20, with a total of EUR 3.8 billion. The Fund promotes the implementation of the Internal Security Strategy, law enforcement cooperation and the management of the Union's external borders. The ISF is composed of two instruments, ISF Borders and Visa (B&V) and ISF Police. For the 2014-20 period
 - EUR 2.76 billion is available for funding actions under the ISF B&V instrument, of which EUR 1.55 billion are to be channelled through shared management. All Member States except Ireland and the United Kingdom participate in the implementation;
 - about EUR 1 billion is available for funding actions under the ISF Police instrument, of which EUR 662 million are to be channelled through shared management. All Member States except Denmark and the United Kingdom participate in the implementation.

- *Youth Employment Initiative (YEI)*: While supporting the Youth Guarantee, YEI is targeted to young people who are not in education, employment or training (NEETs), including the long-term unemployed or those not registered as job-seekers. It ensures that in parts of Europe where the challenges are most acute, young people can receive targeted support. The total budget of the YEI is EUR 8.8 billion for the period 2014-2020. Of the total budget of EUR 8.8 billion, EUR 4.4 billion comes from a dedicated Youth Employment budget line, which is complemented by EUR 4.4 billion more from ESF national allocations.

Table CP32: Number of irregularities and financial amounts reported by the Member States - AMIF, FEAD, ISF and YEI

FUND	REPORTING YEAR								TOTAL	
	2016		2017		2018		N	EUR	N	EUR
	N	EUR	N	EUR	N	EUR				
AMIF	0	0	1	11,951	8	1,123,317	9	1,135,269		
FEAD	3	463,921	5	813,205	8	2,346,834	16	3,623,959		
ISF	1	178,812	0	0	3	418,131	4	596,943		
YEI	0	0	4	1,088,782	3	75,680	7	1,164,462		
TOTAL	4	642,732	10	1,913,938	22	3,963,962	36	6,520,633		



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PART 3/3

COMMISSION STAFF WORKING DOCUMENT

Statistical evaluation of irregularities reported for 2018: own resources, agriculture, cohesion and fisheries policies, pre-accession and direct expenditure

Accompanying the document

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

**30th Annual Report on the Protection of the European Union's financial interests - Fight
against fraud - 2018**

{COM(2019) 444 final} - {SWD(2019) 361 final} - {SWD(2019) 362 final} -
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Contents

5.	Pre-Accession Policy (Pre-Accession Assistance and Instrument for Pre-Accession I and II).....	124
5.1.	The Pre-accession Assistance (PAA), 2000-06	124
5.2.	The Instrument for Pre-accession 2007-13 – IPA I	124
5.3.	The Instrument for Pre-accession 2014-20 – IPA II	126
5.4.	General analysis.....	127
5.4.1.	Pre-accession assistance (PAA).....	127
5.4.2.	Instrument for Pre-Accession (IPA I)	128
5.5.	Specific analysis – Financial year 2018	129
5.5.1.	Pre-Accession Assistance (PAA).....	129
5.5.2.	Instrument for Pre-Accession (IPA)	130
5.5.3.	Instrument for Pre-Accession (IPA II)	130
6.	Direct Management.....	132
6.1.	Introduction.....	132
6.2.	General analysis.....	132
6.2.1.	Five year analysis 2014-2018.....	133
6.3.	Specific analysis	134
6.3.1.	Recoveries according policy areas.....	134
6.3.2.	Recoveries according to legal entity residence	136
6.3.3.	Method of detection	137
6.3.4.	Types of irregularity.....	137
6.3.5.	Recovery	138
	COUNTRY FACTSHEETS	139
	Belgium - Belgique/België	139
	Bulgaria - България	140
	Czech Republic - Česká republika	141
	Denmark - Danmark	142
	Germany - Deutschland.....	143
	Estonia - Eesti	144
	Ireland - Éire	145
	Greece - Ελλάδα	146
	Spain - España.....	147
	France	148

Croatia - Hrvatska	149
Italy - Italia	150
Cyprus - Κύπρος.....	151
Latvia - Latvija	152
Lithuania - Lietuva	153
Luxembourg.....	154
Hungary - Magyarország.....	155
Malta.....	156
Netherlands - Nederland	157
Austria - Österreich	158
Poland - Polska	159
Portugal	160
Romania - România	161
Slovenia - Slovenija	162
Slovakia - Slovensko.....	163
Finland – Suomi-Finland	164
Sweden - Sverige	165
United Kingdom.....	166
<i>ANNEXES</i>	167

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

Pre-Accession Assistance 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. The goal of the EU as a global player is also promoted through direct management.

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 Republic of North Macedonia, Montenegro, Serbia and Turkey. Potential candidate countries are Bosnia and Herzegovina and Kosovo¹²⁹.

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

The old Pre-accession Assistance (PAA), regarding the period 2000-06, was financed by a number 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 Turkey¹³⁰, Assistance for reconstruction, development and stabilisation for potential candidate countries (CARDS)¹³¹ and Transition facility¹³².

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

The Instrument for Pre-Accession Assistance (IPA), which covered the period 2007-2013, was delivered through five components. The policy and programming of IPA consisted 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 had to submit also Strategic Coherence Frameworks (SCF) and Multi-annual Operational Programmes, both regarding IPA Components III and IV. Their principal aim was 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.

The financing of IPA was provided by the five following different components and European Commission's Directorate General 'Neighbourhood & Enlargement Negotiations' leads in the coordination of the instrument:

- (1) Component I, *Transition Assistance and Institution Building (TAIB)*, managed by the European Commission's Directorate General 'Neighbourhood & Enlargement Negotiations';
- (2) Component II, *Cross-Border Cooperation*, in part managed by the European Commission's Directorate General 'Neighbourhood & Enlargement Negotiations' and in part managed, under shared management with Member States, by European Commission's Directorate General 'Regional Policy';

¹²⁹ This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

¹³⁰ Turkey has been receiving pre-accession assistance since 2002.

¹³¹ Albania, Croatia, the Republic of North Macedonia, Serbia, Kosovo and Bosnia Herzegovina, Council Regulation (EC) No 2666/2000 of 5 December 2000.

¹³² 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.

- (3) Component III, *Regional Development*, managed by the European Commission's Directorate General 'Regional Policy';
- (4) Component IV, *Human Resources Development*, managed by the European Commission's Directorate General 'Employment, Social Affairs and Inclusion'; and
- (5) Component V - *Rural Development*, managed by the European Commission's Directorate General 'Agriculture and Rural Development'.

The pre- and post-accession assistance was implemented through a variety of *management modes* which take into account different levels of preparedness of the beneficiary countries. The assistance under IPA was 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 were divided into two categories. Croatia and the EU candidate countries: the Republic of North Macedonia, Serbia and Turkey; were eligible for all five components of IPA. While the new candidate countries, Albania and Montenegro (candidate status awarded in 2010), remained 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) were eligible only for the first two components.¹³³

Implementation of Components I and II falls under the responsibility of DG 'Neighbourhood & Enlargement Negotiations', which initiated 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.¹³⁴

The implementation can be handled:

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

¹³³ Potential candidate countries were defined at the Santa Maria da Feira European Council of 20 June 2000.

¹³⁴ 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.

- 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 European 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 European 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 IPAlI 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 EC 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 includes a comprehensive monitoring mechanism. It provides for 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 (European Commission and beneficiaries) will continue to monitor the implementation of financial assistance programmes, as was the case for the previous period of IPA.

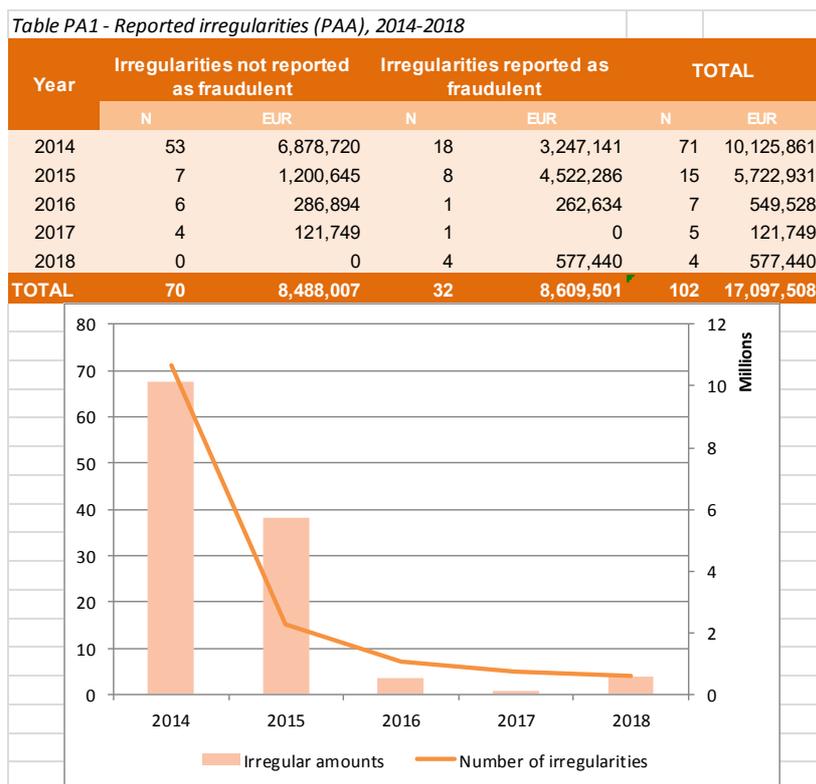
The Commission publishes an annual report on pre-accession assistance. This report covers the previous budget year.

5.4. General analysis

5.4.1. *Pre-accession assistance (PAA)*

Regarding the Pre-Accession Assistance (PAA), the number of reported irregularities decreased further in 2018 compared to the previous year. The downward trend, which started in 2009, was confirmed during the last five years, as Table PA1 shows.

With the phasing out of the pre-accession programmes, in 2018, non-fraudulent irregularities were not reported. However, the irregularities reported as fraudulent increased.

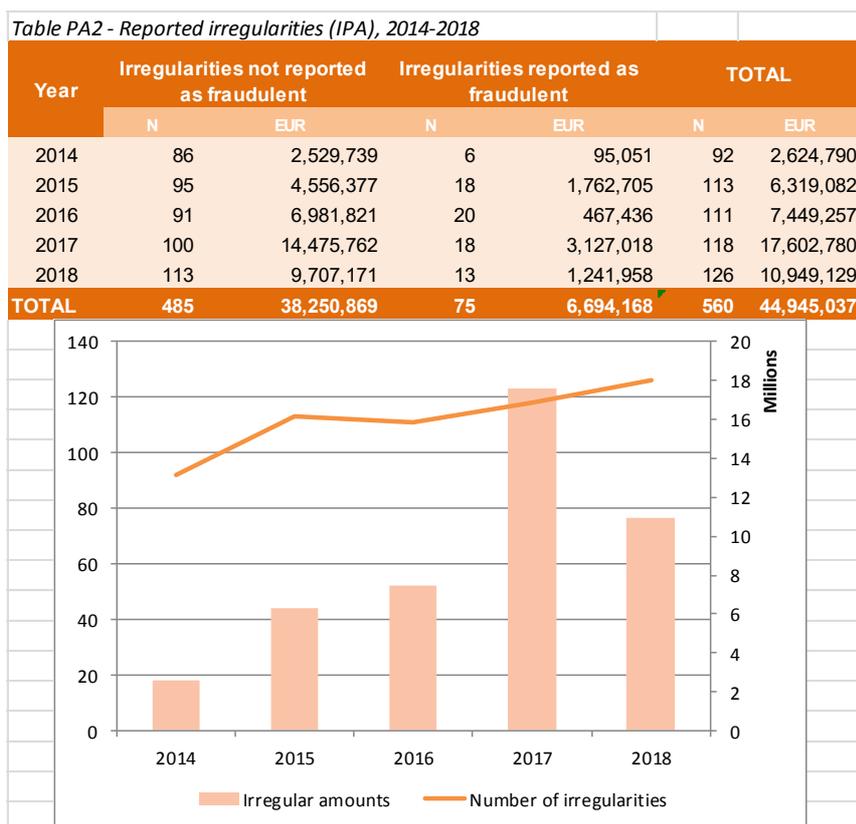


In the past five years, most of the fraudulent irregularities (87%, in terms of number, and 92%, in terms of financial amount) were reported by Romania. Most of the non-fraudulent irregularities were reported by Romania and Bulgaria (93%, in terms of number, and 99%, in terms of financial amount). In relation to the distribution of irregularities according to funds, both the highest number (50%) and financial amounts (47%) related to SAPARD. PHARE was also affected by a significant share of the reported irregularities (40%), while ISPA recorded by far the highest average financial amount per irregularity (seventimes higher than the one related to the SAPARD cases)

5.4.2. Instrument for Pre-Accession (IPA I)

Since 2014, the trend of IPA reporting (financial framework 2007-13) has begun to develop in an upward curve, both in terms of number of irregularities and involved amounts. 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 2014. The number of irregularities not reported as fraudulent jumped to a new level in 2014 and then continued to grow in the following years. The financial amounts involved did not mirror this trend. In 2017, they doubled with respect to 2016 and reached the peak since 2014, before decreasing in 2018, despite the still increasing number of irregularities. Similarly to what happened for the irregularities not reported as fraudulent, the number of irregularities reported as fraudulent shifted upwards, but in 2015, and then continued to increase. The financial amounts experienced fluctuations that did not strictly follow changes in numbers. In 2017, the highest financial amounts were recorded (since 2014).



During the last five years, the highest number of reported irregularities was communicated by Turkey (57%), Bulgaria and Croatia. Most of the financial amounts (90%) were involved in irregularities reported by Turkey. When focusing on fraudulent irregularities, Turkey was still the Countries reporting most of the irregularities (73%) and financial amounts (89%). 15% of the irregularities were reported by Serbia. The highest number of irregularities was recorded in relation to IPARD (37%) and Cross-Border Cooperation (31%). IPARD recorded by far the highest financial amounts (66% of the total).

5.5. Specific analysis – Financial year 2018

5.5.1. Pre-Accession Assistance (PAA)

In 2018, four irregularities were reported as fraudulent by Romania and Turkey, as shown in Table PA3. No irregularities were reported as non-fraudulent.

Table PA3 - Reported irregularities per country (PAA), 2018

Country	Irregularities not reported as fraudulent		Irregularities reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
RO			2	31,380	2	31,380
TR			2	546,060	2	546,060
TOTAL	0	0	4	577,440	4	577,440

These irregularities affected in particular TIPAA, to which most of the financial amounts were related.

Fund	Irregularities not reported as fraudulent		Irregularities reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
PHARE			1	23,528	1	23,528
SAPARD			1	7,852	1	7,852
TIPAA			2	546,060	2	546,060
TOTAL	0	0	4	577,440	4	577,440

5.5.2. Instrument for Pre-Accession (IPA)

In relation to IPA I (2007-13), there were 13 irregularities reported as fraudulent in 2018, for an overall financial impact of about EUR 1.2 million. Tables PA5 and PA6 show, respectively, the breakdown per country and per component.

Country	Irregularities not reported as fraudulent		Irregularities reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
BG	9	23,405	0	0	9	23,405
GR	1	12,863	0	0	1	12,863
HR	7	103,600	0	0	7	103,600
ME	4	35,319	1	1,328	5	36,647
MK	1	0	0	0	1	0
RS	0	0	2	0	2	0
TR	91	9,531,983	10	1,240,630	101	10,772,613
TOTAL	113	9,707,171	13	1,241,958	126	10,949,129

In 2018, Turkey was the country reporting the highest number of irregularities and the related financial amounts. Concerning the irregularities reported as fraudulent, 10 out of these 13 cases were notified by Turkey.

Rural Development programmes accounted for the highest number of cases (45%) and, even more, financial amounts involved (69%).

FUND	Irregularities not reported as fraudulent		Irregularities reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
CBC-IPA	14	46,494	0	0	14	46,494
HRD	39	1,157,605	3	61,674	42	1,219,279
IPARD	49	6,322,863	8	1,180,284	57	7,503,147
REGD	1	34,000	0	0	1	34,000
TAIB	10	2,146,209	2	0	12	2,146,209
TOTAL	113	9,707,171	13	1,241,958	126	10,949,129

Concerning the *modus operandi*, the most frequent category of irregularity refers to 'Ethics and integrity' (not in combination with other categories) and most of these cases are not reported as fraudulent. This category includes conflict of interest and corruption, but the cases detected have been reported using a residual code 'Other'.

5.5.3. Instrument for Pre-Accession (IPA II)

For the programming period 2014-2020, the first irregularity was detected in 2017 by Turkey and reported as fraudulent.

In 2018, reporting accelerated with 17 irregularities (see Table PA7). 10 of these irregularities were reported by Turkey and Serbia, including all irregularities reported as fraudulent. Bulgaria nearly completed the picture with 5 irregularities, all reported as not fraudulent.

Table PA7 - Reported irregularities per country (IPA II), 2018

Country	Irregularities not reported as fraudulent		Irregularities reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
BG	5	51,409	0	0	5	51,409
ME	1	0	0	0	1	0
MK	1	0	0	0	1	0
RS	1	0	2	0	3	0
TR	4	194,185	3	537,106	7	731,291
TOTAL	12	245,594	5	537,106	17	782,700

As shown by Table PA8, most of these irregularities are evenly shared among the Cross Border Co-operation programmes (reported by Bulgaria and Serbia) and rural development (mostly reported by Turkey).

Table PA8 - Reported irregularities per component (IPA II), 2018

FUND	Irregularities not reported as fraudulent		Irregularities reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
CBC-IPA	6	51,409	2	0	8	51,409
IPARD	5	194,185	3	537,106	8	731,291
TAIB	1	0	0	0	1	0
TOTAL	12	245,594	5	537,106	17	782,700

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 Regulation, the Commission implements the budget directly (‘direct management’) as set out in Articles 125 to 153, by its departments, including its staff in the Union delegations under the authority of their respective Head of delegation, in accordance with Article 60(2), or through executive agencies as referred to in Article 69.¹³⁵

For the financial year 2018, a total of EUR 20 825 million¹³⁶ has been disbursed under the ‘direct management’ mode. Table DM1 presents the actual payments made in the financial year 2018 for the policy areas under ‘direct management’.

Table DM1 – Payments made in financial year 2018 per policy area

Policy area	Payments 2018	
	EUR million	%
Agriculture and rural development	258	1,24
Communication	80	0,38
Communications networks, content and technology	1 889	9,07
Direct research	99	0,48
Economic and financial affairs	2 350	11,29
Education and culture	1 334	6,41
Employment, social affairs and inclusion	160	0,77
Energy	656	3,15
Environment	256	1,23
Foreign policy instruments	310	1,49
Health and food safety	305	1,46
Humanitarian aid and civil protection	768	3,69
Internal market, industry, entrepreneurship and SMEs	386	1,85
International cooperation and development	1 742	8,36
Justice and consumers	145	0,70
Maritime affairs and fisheries	177	0,85
Migration and home affairs	566	2,72
Mobility and transport	1 984	9,53
Neighbourhood and enlargement negotiations	1 856	8,91
Regional and urban policy	127	0,61
Research and innovation	5 066	24,33
Taxation and customs union	109	0,52
Sub total of 22 policy areas	20 621	99,02
<i>Other policy areas</i>	204	0,98
TOTAL	20 825	100,00

6.2. General analysis

For the financial year 2018, the Commission services registered 1 623 recovery items¹³⁷ in ABAC that were qualified as irregularities for a total financial value EUR 73.77 million. Among

¹³⁵ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012PE/13/2018/REV/1, OJ L 193, 30.7.2018, p. 1–222

¹³⁶ Excluding administrative expenditure. Own calculation based on ABAC data.

¹³⁷ Recovery items mean ‘recovery context’ elements in ABAC. There can be more recovery context elements associated to one recovery order issued.

these recovery items, 44 have been reported as fraudulent, involving EUR 6.17 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 2014-2018

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 2014 and 2018, the average number of recovery items qualified as ‘irregularities reported as fraudulent’¹³⁸ was 57. 2015 was a year when less such recovery items were registered with lower corresponding recovery amounts. The ratio between the amounts related to ‘irregularities reported as fraudulent’ and relative expenditure is very small, it remains close to zero (0.036%) in the given five year period. This ratio has been stable for many years now. Figures are presented in Table DM2 below.

Table DM2 – Irregularities reported as fraudulent and related amounts, financial years 2014-2018

Year	Payments	Irregularities reported as fraudulent		Irregular amounts/ Payments
	EUR million	EUR million	N	%
2014	12 346	4.41	66	0.036
2015	16 321	2.17	23	0.013
2016	18 901	6.69	79	0.035
2017	20 131	12.04	71	0.060
2018	20 825	6.17	44	0.030
TOTAL	88 524	31.48	283	0.036

With regard to ‘irregularities not reported as fraudulent’ the average number of recovery items registered per year is 1 718. The figure for 2018 fits in the slightly decreasing five-year trend, which was interrupted only in 2015 (see table DM3).

¹³⁸ ‘Irregularities reported as fraudulent’ are cases of recovery items qualified in the ABAC system as ‘OLAF notified’.

Table DM3 – Irregularities not reported as fraudulent and related amounts, financial years 2014-2018

Year	Payments	Irregularities not reported as fraudulent		Irregular amounts/ Payments
	EUR million	EUR million	N	%
2014	12 346	90.82	1764	0.736
2015	16 321	101.25	1974	0.620
2016	18 901	70.47	1661	0.373
2017	20 131	59.62	1612	0.296
2018	20 825	67.60	1579	0.325
TOTAL	88 524	389.76	8590	0.440

Between 2014 and 2018, there were all together 8 590 registered recovery items qualified as ‘irregularities not reported as fraudulent’, with an aggregate recovery amount of EUR 389.76 million.

The ratio between the aggregate irregular amounts corresponding to the recovery items (classified as ‘irregularities not reported as fraudulent’ between 2014 and 2018) and the reference figure of the related expenditure is about half a percent point (0.440%). This ratio has been stable since 2016 (around 0,3-0,4%).

All these figures have to be interpreted in positive terms; they 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 policy areas for year 2018.

Table DM4 – Irregularities reported by policy areas and related amounts, 2018

Policy area	Payments 2018	Irregularities not reported as fraudulent		Irregularities reported as fraudulent	
	EUR million	EUR million	N	EUR million	N
Agriculture and rural development	258	0,00	0	0,00	0
Communication	80	0,08	4	0,00	0
Communications networks, content and technology	1 889	13,99	316	2,04	22
Direct research	99	0,00	8	0,00	0
Economic and financial affairs	2 350	0,00	0	0,00	0
Education and culture	1 334	1,82	104	1,53	6
Employment, social affairs and inclusion	160	0,01	4	0,00	0
Energy	656	2,04	62	0,00	0
Environment	256	1,21	30	0,00	0
Foreign policy instruments	310	2,89	82	0,81	3
Health and food safety	305	4,19	27	0,00	0
Humanitarian aid and civil protection	768	4,22	154	0,00	0
Internal market, industry, entrepreneurship and SMEs	386	3,32	109	0,00	0
International cooperation and development	1 742	9,41	163	0,62	3
Justice and consumers	145	0,35	26	0,00	0
Maritime affairs and fisheries	177	0,03	3	0,02	1
Migration and home affairs	566	2,56	39	0,00	0
Mobility and transport	1 984	5,06	25	0,00	0
Neighbourhood and enlargement negotiations	1 856	4,68	98	0,31	4
Regional and urban policy	127	0,00	2	0,00	0
Research and innovation	5 066	11,68	309	0,85	5
Taxation and customs union	109	0,01	11	0,00	0
Other policy areas	204	0,05	3	0,00	0
TOTAL	20 825	67.60	1579	6.17	44

In the financial year 2018, the highest numbers of recovery items qualified as 'irregularities not reported as fraudulent' were recorded in the 'Communications networks, content and technology' budget area (316). This was also the policy field where the highest irregular amounts were registered (EUR 13.99 million). It was followed by 'Research and innovation' with the second highest number of recovery items (309) and related financial amount (EUR 11.68 million). The third policy area, both in terms of number of non-fraudulent irregularities and related financial amounts, is 'International cooperation and development' (EUR 9.41 million). These three policy areas account for 52% of the overall irregular recovery amounts for the year 2018.

With reference to 'irregularities reported as fraudulent', there were 44 recovery items registered. Half of them concerned the budget area 'Communications networks, content and technology' (22 items), followed by 'Education and Culture' (6 items) and 'Research and innovation' (5 items).

The total related irregular amounts were EUR 6.17 million, of which one third is referred to the policy area 'Communications networks, content and technology' (EUR 2.04 million).

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

Table DM5 – Irregularities reported by policy areas and related amounts, financial years 2014-2018

Policy area	Payments 2014-2018	Irregularities not reported as fraudulent	Irregular amounts/ Payments	Irregularities reported as fraudulent	Irregular amounts/ Payments
	EUR million	EUR million	%	EUR million	%
Agriculture and rural development	754	0,00	0,000	0,00	0,000
Communication	465	0,35	0,075	0,01	0,002
Communications networks, content and technology	8 188	57,31	0,700	18,53	0,226
Direct research	522	0,17	0,032	0,00	0,000
Economic and financial affairs	6 158	0,00	0,000	0,00	0,000
Education and culture	6 224	22,57	0,363	3,81	0,061
Employment, social affairs and inclusion	681	1,76	0,259	0,00	0,000
Energy	3 303	23,33	0,706	0,00	0,000
Environment	1 336	10,73	0,803	0,12	0,009
Foreign policy instruments	1 128	23,08	2,047	1,27	0,113
Health and food safety	1 439	6,34	0,440	0,00	0,000
Humanitarian aid and civil protection	3 771	13,32	0,353	0,00	0,000
Internal market, industry, entrepreneurship and SMEs	2 335	12,50	0,535	0,98	0,042
International cooperation and development	10 511	35,91	0,342	2,11	0,020
Justice and consumers	519	3,23	0,622	0,00	0,000
Maritime affairs and fisheries	928	1,39	0,150	0,02	0,002
Migration and home affairs	2 235	9,65	0,432	0,03	0,001
Mobility and transport	7 874	65,21	0,828	1,12	0,014
Neighbourhood and enlargement negotiations	6 339	22,22	0,351	0,31	0,005
Regional and urban policy	443	0,00	0,000	0,00	0,000
Research and innovation	21 985	80,45	0,366	3,17	0,014
Taxation and customs union	488	0,07	0,015	0,00	0,000
Other policy areas	899	0,18	0,020	0,02	0,002
TOTAL	88 524	389,76	0,440	31,48	0,036

Over a five-year period, it is again in the 'Communications networks, content and technology' policy field, where the highest aggregate recovery amounts (EUR 18.53 million) were recorded in relation to 'irregularities reported as fraudulent' (more than half of the total amounts). It is followed at a distance by the policy areas 'Education and culture' (EUR 3.81 million) and 'Research and innovation' (EUR 3.17 million).

During the last five years, the highest aggregate recovery amounts related to 'irregularities not reported as fraudulent' were recorded in the policy area 'Research and innovation' (EUR 80.45 million). It was followed by 'Mobility and transport' (EUR 65.21 million) and 'Communications networks, content and technology' (EUR 57.31 million). These three policy areas accounted for more than half (52%) of the total recovery amounts related to 'irregularities not reported as fraudulent' over the past five years. Compared to the overall payments made during the same period for all fields, the irregularity rate remained very low (on average 0.440%+0.036% = 0.476%).

6.3.2. Recoveries according to legal entity residence

For the last five years, 86% of the total number of recovery items and 88% of the corresponding recovery amounts qualified as ‘irregularities not reported as fraudulent’ concerned legal entities that are 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 72% of these irregularities and for 70% of the corresponding amounts, the main beneficiary was also an EU Member State. In case of ‘irregularities reported as fraudulent’, these ratios are somewhat higher: 91% of the total number of recovery items and 94% of the corresponding recovery amounts concerned a legal entity residing in an EU country, and in 82% of these cases and 83% of the amounts concerned a final beneficiary that is also resident in an EU country.

Table DM6 – Recoveries per country of residence of the legal entity, 2014-2018

LE Country name	Irregularities not reported as fraudulent		Irregularities reported as fraudulent	
	EUR million	N	EUR million	N
Austria	4,67	151	0,00	0
Belgium	26,02	628	0,68	11
Bulgaria	1,07	68	0,00	0
Croatia	2,61	55	0,67	2
Cyprus	0,29	30	0,03	4
Czech Republic	6,36	70	1,19	13
Denmark	12,33	171	0,00	0
Estonia	1,54	37	0,00	0
Finland	3,40	131	0,26	1
France	25,14	831	2,00	37
Germany	34,36	755	5,96	17
Greece	12,71	271	0,15	35
Hungary	2,01	90	1,11	16
Ireland	4,54	113	0,13	3
Italy	49,06	758	7,64	33
Latvia	0,18	27	0,00	0
Lithuania	0,49	29	0,00	0
Luxembourg	1,64	31	0,00	0
Malta	1,45	30	0,00	0
Netherlands	27,86	821	0,84	6
Poland	3,50	94	0,06	1
Portugal	21,33	115	2,51	16
Romania	1,68	84	0,20	5
Slovakia	0,65	21	0,49	3
Slovenia	1,49	41	0,27	1
Spain	30,49	670	1,82	47
Sweden	16,73	243	0,09	1
United Kingdom	47,76	1063	3,43	10
Total EU 28	341,36	7428	29,52	262
<i>Total other countries</i>	<i>48,40</i>	<i>1162</i>	<i>1,96</i>	<i>21</i>
Grand Total	389,76	8590	31,48	283

Table DM6 above summarises the total recoveries made in the past five years according to the country of the legal entity 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, 2014-2018

Source of detection 2014-2018	Irregularities not reported as fraudulent		Irregularities reported as fraudulent	
	EUR million	N	EUR million	N
Ex-ante controls	118,10	1786	0,47	8
Ex-post controls	207,18	5547	6,00	108
Other controls (ECA)	10,97	71	0,02	1
Other controls (Member States)	3,38	12	0,00	
Other controls (OLAF)	5,48	44	24,51	158
Other controls (To identify) and n.a.	44,65	1130	0,49	8
TOTAL	389,76	8590	31,48	283

Regarding the ‘irregularities reported as fraudulent’, ‘OLAF’ has been marked as the source of detection in relation to 56% of recovery items corresponding to 78% of total recovery amounts. Meanwhile ‘Ex-post controls’ was the source of detection of another 38% of this type of recovery items corresponding to another 19% of recovery amounts.

85% of ‘irregularities not reported as fraudulent’ were detected through Commission controls (*ex-ante* and *ex-post* controls).

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. When it comes to ‘irregularities reported as fraudulent’, the irregularity type ‘Amount ineligible’ was the most frequent in the past five years, followed by ‘Documents missing’. In relation to ‘irregularities not reported as fraudulent’, ‘Amount ineligible’ was the most frequent irregularity type, followed by ‘Under-performance/Non-performance’ and ‘Documents missing’. Table DM8 provides the full picture regarding the frequency of each type over the last five years.

Table DM8 – Types of irregularity, 2014-2018

Type of irregularity 2014-2018	Irregularities not reported as fraudulent (frequency %)		Irregularities reported as fraudulent (frequency %)	
	Amount	Number	Amount	Number
Amount ineligible	58,3	75,5	67,5	57,6
Beneficiary	2,8	2,2	7,9	5,3
Documents missing	9,2	8,0	9,2	21,8
Double funding	7,2	1,2	1,6	4,9
Profit	0,5	0,4	2,8	2,4
Public procurement rules not respected	4,2	1,5	1,2	1,2
Under-performance / non-performance	16,1	9,0	7,3	6,1
(blank)	1,7	2,2	2,5	0,8
TOTAL	100	100	100	100

The figures for irregularity type frequency are stable and have been following the same pattern during many years.

6.3.5. *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 to the beneficiary.

For the recovery orders issued between 2014 and 2018, 58% of the total irregular amounts have already been recovered. There are differences between the recovery rates depending on the qualification. The recovery rate for 'irregularities reported as fraudulent' (28%) remains well below the one calculated for 'irregularities not reported as fraudulent' (60%).

COUNTRY FACTSHEETS

Belgium - Belgique/België

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	39	35,939,701	217	6,830,902	1.64%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			4	90,880		0.02%
Rural Development (RD)			7	122,930		0.18%
SA/RD			1	24,771		
TOTAL			12	238,581		0.04%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	1	390,000	32	561,988	0.01%	0.02%
Rural Development (RD)			26	562,300		0.23%
SA/RD			4	70,547		
TOTAL	1	390,000	62	1,194,834	0.01%	0.04%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018						
Programming Period 2007-13 - cumulative	6	437,725	392	24,911,009	0.02	1.22
ERDF	3	1,936	137	11,733,115	0.00	1.23
ESF	3	435,789	255	13,177,894	0.04	1.23
Programming Period 2014-20 - reporting year 2018	1	1,553	9	407,473		
ERDF	1	1,553	7	376,771		
ESF			2	30,702		
Programming Period 2014-20 - cumulative	1	1,553	11	444,433	0.00	0.10
ERDF	1	1,553	8	391,185	0.00	0.25
ESF			3	53,248		0.02

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 2014-18	5	0	5	0%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Bulgaria - България

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	5	542,270	1	59,220	0.50%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	9	15,257,814	2	177,366	1.87%	0.02%
Rural Development (RD)	3	57,750	224	8,091,966	0.03%	3.93%
TOTAL	12	15,315,564	226	8,269,332	1.50%	0.81%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	12	15,337,392	7	1,607,581	0.42%	0.04%
Rural Development (RD)	43	9,520,035	457	34,156,906	0.65%	2.34%
SA/RD	7	156,670				
TOTAL	62	25,014,097	464	35,764,487	0.49%	0.70%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018			19	800,593		
CF			1	143,242		
ERDF			8	471,588		
EFF			10	185,763		
Programming Period 2007-13 - cumulative	33	6,909,882	711	142,586,034	0.11	2.20
CF	1	5,019,507	179	76,334,968	0.23	3.43
ERDF	6	260,230	386	56,015,422	0.01	1.86
ESF	22	1,272,230	93	7,887,672	0.11	0.67
EFF	4	357,915	53	2,347,972	0.60	3.94
Programming Period 2014-20 - reporting year 2018	1	370,891	31	8,046,495		
CF			5	4,523,809		
ERDF	1	370,891	25	3,398,484		
ESF			1	124,202		
Programming Period 2014-20 - cumulative	1	370,891	36	8,243,473	0.02	0.47
CF			5	4,523,809		1.19
ERDF	1	370,891	30	3,595,462	0.04	0.36
ESF			1	124,202		0.03

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	23	2	25	8%
Irregularities reported as fraudulent 2014-18	8	1	9	11%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Czech Republic - Česká republika

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	0	0	94	4,696,506	1.41%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			3	168,782		0.02%
Rural Development (RD)	1	121,619	25	1,180,267	0.04%	0.36%
TOTAL	1	121,619	28	1,349,049	0.01%	0.11%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	8	73,375	18	1,392,637	0.00%	0.03%
Rural Development (RD)	28	2,369,754	169	8,216,956	0.17%	0.59%
TOTAL	36	2,443,129	187	9,609,593	0.04%	0.17%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR		
Programming Period 2007-13 - reporting year 2018	13	15,545,798	117	32,477,608		
CF	3	455,018	35	9,148,976		
ERDF	10	15,090,780	48	19,359,787		
ESF			34	3,968,845		
Programming Period 2007-13 - cumulative	166	221,238,815	3,734	1,263,810,151	0.87	5.00
CF	18	12,772,262	351	121,839,067	0.15	1.41
ERDF	112	205,508,587	2,024	1,037,907,764	1.58	7.97
ESF	36	2,957,966	1,330	102,534,164	0.08	2.85
EFF			29	1,529,156		5.94
Programming Period 2014-20 - reporting year 2018	15	2,646,264	67	40,952,719		
CF			23	37,134,429		
ERDF	15	2,646,264	28	2,962,517		
ESF			16	855,773		
Programming Period 2014-20 - cumulative	15	2,646,264	75	41,739,485	0.05	0.84
CF			28	37,755,732		2.06
ERDF	15	2,646,264	30	3,079,986	0.12	0.14
ESF			17	903,767		0.09

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	37	6	43	14%
Irregularities reported as fraudulent 2014-18	141	4	145	3%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Denmark - Danmark

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	2	167,285	52	7,234,128	1.75%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	1	95,217	3	94,606	0.01%	0.01%
Rural Development (RD)	1	145,161	8	146,470	0.16%	0.16%
TOTAL	2	240,378	11	241,076	0.03%	0.03%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	7	171,639	33	8,496,082	0.00%	0.19%
Rural Development (RD)	5	207,114	52	2,553,495	0.05%	0.56%
SA/RD	1	0	2	71,428		
TOTAL	13	378,753	87	11,121,005	0.01%	0.23%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018						
Programming Period 2007-13 - cumulative	2	234,251	51	2,554,866	0.04	0.40
ERDF	2	234,251	19	773,008	0.09	0.30
ESF			15	523,101		0.21
EFF			17	1,258,757		0.99
Programming Period 2014-20 - reporting year 2018	12	870,189	1	25,796		
ERDF	2	165,316				
EMFF	10	704,873	1	25,796		
Programming Period 2014-20 - cumulative	12	870,189	2	327,025	0.63	0.24
ERDF	2	165,316			0.35	
ESF			2	327,025		0.65
EMFF	10	704,873			1.76	

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2014-18	13	1	14	7%

Germany - Deutschland

1. Traditional Own Resources						
Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR	
	N	EUR	N	EUR	%	
Established and estimated	95	18,731,575	1,414	89,095,658	2.16%	
2. Natural Resources						
Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	0	0	26	739,690		0.01%
Rural Development (RD)	6	484,443	38	3,508,452	0.04%	0.31%
SA/RD	1	16,677	5	688,816		
TOTAL	7	501,120	69	4,936,958	0.01%	0.08%
Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	4	399,025	111	4,432,199	0.00%	0.02%
Rural Development (RD)	16	1,925,577	215	11,123,329	0.04%	0.24%
SA/RD	2	41,991	28	1,500,289		
TOTAL	22	2,366,593	354	17,055,817	0.01%	0.06%
3. Cohesion and Fisheries Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	7	954,349	16	1,468,142		
ERDF	2	372,906	16	1,468,142		
ESF	5	581,443				
Programming Period 2007-13 - cumulative	230	31,745,661	1,342	128,097,694	0.13	0.51
ERDF	42	13,673,567	908	98,928,320	0.09	0.63
ESF	187	18,057,974	428	28,378,365	0.20	0.31
EFF	1	14,120	6	791,009	0.01	0.63
Programming Period 2014-20 - reporting year 2018	7	409,951	24	1,876,883		
ERDF	1	42,812	15	1,654,055		
ESF	6	367,139	8	211,814		
EMFF			1	11,014		
Programming Period 2014-20 - cumulative	10	473,428	28	1,922,107	0.01	0.04
ERDF	1	42,812	19	1,699,279	0.00	0.08
ESF	9	430,616	8	211,814	0.02	0.01
EMFF			1	11,014		0.02
Ratio of established fraud		Suspected fraud	Established fraud	TOTAL	REF	
		N	N	N	%	
Irregularities reported as fraudulent 2009-13*		177	127	304	42%	
Irregularities reported as fraudulent 2014-18		151	12	163	7%	

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Estonia - Eesti

1. Traditional Own Resources					
Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	4	568,102	5	109,005	1.64%

2. Natural Resources						
Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Rural Development (RD)			39	2,110,135	0.00%	1.65%
TOTAL	0	0	39	2,110,135	0.00%	0.83%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Rural Development (RD)	17	4,843,967	173	7,980,860	1.24%	2.04%
TOTAL	17	4,843,967	173	7,980,860	0.49%	0.81%

3. Cohesion and Fisheries Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	1	999,999	9	1,068,469		
ERDF	1	999,999	2	521,949		
EFF			7	546,520		
Programming Period 2007-13 - cumulative	22	12,184,525	345	34,856,854	0.37	1.05
CF	5	2,691,616	17	2,666,543	0.25	0.24
ERDF	12	8,966,701	255	29,311,733	0.51	1.66
ESF	3	252,912	46	1,286,159	0.07	0.35
EFF	2	273,296	27	1,592,419	0.34	1.98
Programming Period 2014-20 - reporting year 2018	6	169,823	41	5,303,236		
CF			7	3,111,949		
ERDF	6	169,823	32	1,645,379		
ESF			2	545,908		
Programming Period 2014-20 - cumulative	9	1,612,779	62	7,856,513	0.14	0.69
CF	1	761,082	12	5,292,499	0.17	1.19
ERDF	8	851,697	45	1,996,216	0.17	0.40
ESF			5	567,798		0.32

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	5	5	10	50%
Irregularities reported as fraudulent 2014-18	17	6	23	26%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Ireland - Éire

1. Traditional Own Resources						
Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR	
	N	EUR	N	EUR	%	
Established and estimated	10	1,497,154	26	3,118,347	1.30%	
2. Natural Resources						
Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)						
Rural Development (RD)						
SA/RD						
TOTAL	0	0	0	0	0.00%	0.00%
Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			134	2,516,979		0.04%
Rural Development (RD)	33	379,505	96	4,062,337	0.03%	0.31%
SA/RD	1	12,492	27	455,201		
TOTAL	34	391,997	257	7,034,517	0.01%	0.09%
3. Cohesion and Fisheries Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018						
Programming Period 2007-13 - cumulative	2	15,672	270	16,257,085	0.00	2.05
<i>ERDF</i>			95	4,107,230		1.09
<i>ESF</i>	2	15,672	165	12,013,395	0.00	3.20
<i>EFF</i>			10	136,460		0.32
Programming Period 2014-20 - reporting year 2018						
Programming Period 2014-20 - cumulative						
Ratio of established fraud		Suspected fraud	Established fraud	TOTAL	REF	
		N	N	N	%	
Irregularities reported as fraudulent 2009-13*		3		3	0%	

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Greece - Ελλάδα

1. Traditional Own Resources					
Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	21	5,205,677	9	1,275,067	2.88%

2. Natural Resources						
Irregularities reported in 2014						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			21	407,276		0.02%
Rural Development (RD)			107	1,370,918		0.24%
TOTAL	0	0	128	1,778,194	0.00%	0.07%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	11	726,935	103	41,075,949	0.01%	0.38%
Rural Development (RD)	5	103,443	411	6,690,786	0.00%	0.23%
SA/RD	1	21,230	4	214,092		
TOTAL	17	851,608	518	47,980,827	0.01%	0.35%

3. Cohesion and Fisheries Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	1	8,267,498	1	725,335		
ERDF	1	8,267,498	1	725,335		
Programming Period 2007-13 - cumulative	66	94,982,697	2,067	756,340,886	0.47	3.71
CF	2	16,475,964	178	142,354,445	0.45	3.85
ERDF	54	78,246,023	1,513	545,090,522	0.64	4.49
ESF	10	260,710	356	64,318,082	0.01	1.47
EFF			20	4,577,837	0.00	2.38
Programming Period 2014-20 - reporting year 2018	4	12,613,172	29	10,509,699		
CF	2	5,253,361	2	1,252,030		
ERDF	2	7,359,811	9	2,436,625		
ESF			18	6,821,044		
Programming Period 2014-20 - cumulative	4	12,613,172	36	11,538,886	0.25	0.23
CF	2	5,253,361	2	1,252,030	0.57	0.14
ERDF	2	7,359,811	11	2,477,683	0.29	0.10
ESF			23	7,809,173		0.50

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	23	7	30	23%
Irregularities reported as fraudulent 2014-18	60	1	61	2%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Spain - España

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	44	3,906,486	270	30,028,125	1.78%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	1	16,976	142	8,991,877	0.00%	0.16%
Rural Development (RD)			151	4,975,430		0.55%
TOTAL	1	16,976	293	13,967,307	0.00%	0.22%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	14	414,894	784	38,593,300	0.00%	0.14%
Rural Development (RD)	19	956,107	918	61,886,027	0.02%	1.39%
TOTAL	33	1,371,001	1702	100,479,327	0.00%	0.31%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	1	91,359	52	29,948,425		
CF			3	4,017,613		
ERDF	1	91,359	33	23,261,835		
ESF			16	2,668,977		
Programming Period 2007-13 - cumulative	132	19,216,750	9,783	1,669,421,847	0.05	4.72
CF	2	95,639	341	94,696,859	0.00	2.68
ERDF	125	17,023,120	8,661	1,495,282,781	0.07	6.53
ESF	4	362,884	588	57,743,493	0.00	0.73
EFF	1	1,735,107	193	21,698,714	0.17	2.16
Programming Period 2014-20 - reporting year 2018						
Programming Period 2014-20 - cumulative						

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	15	2	17	12%
Irregularities reported as fraudulent 2014-18	131		131	0%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

France

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	60	80,276,451	220	15,874,892	4.67%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	8	293,080	69	6,803,503	0.00%	0.09%
Rural Development (RD)			99	1,705,100		0.10%
TOTAL	8	293,080	168	8,508,603	0.00%	0.09%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	55	27,980,216	374	52,403,756	0.07%	0.13%
Rural Development (RD)	7	1,015,585	476	8,869,000	0.02%	0.16%
SA/RD			1	0		
TOTAL	62	28,995,801	851	61,272,756	0.06%	0.13%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018						
Programming Period 2007-13 - cumulative	6	2,886,409	417	61,963,657	0.02	0.46
ERDF	1	197,681	259	42,888,935	0.00	0.54
ESF	4	2,688,728	149	18,083,088	0.05	0.35
EFF	1	0	9	991,634	0.00	0.51
Programming Period 2014-20 - reporting year 2018	2	9,043,511	16	1,646,248		
ERDF	1	9,032,000	6	376,424		
ESF	1	11,511	5	680,845		
EMFF			5	588,979		
Programming Period 2014-20 - cumulative	2	9,043,511	38	2,693,453	0.27	0.08
ERDF	1	9,032,000	21	1,101,790	0.50	0.06
ESF	1	11,511	12	1,002,684	0.00	0.07
EMFF			5	588,979		0.48

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 2014-18	7		7	0%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Croatia - Hrvatska

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	12	1,028,297	4	74,545	2.41%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			31	773,890		0.31%
Rural Development (RD)	3	137,032	20	877,416	0.07%	0.43%
TOTAL	3	137,032	51	1,651,306	0.03%	0.36%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	1	135,153	48	1,108,067	0.02%	0.15%
Rural Development (RD)	12	1,596,814	56	2,893,885	0.31%	0.57%
SA/RD			1	18,030		
TOTAL	13	1,731,967	105	4,019,982	0.14%	0.32%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018			14	2,315,992		
CF			8	664,359		
ERDF	1	0	5	1,632,378		
ESF			1	19,255		
Programming Period 2007-13 - cumulative	4	2,184,460	32	6,942,053	0.29	0.92
CF			8	664,359		0.25
ERDF	2	2,138,592	19	6,167,833	0.00	1.88
ESF	2	45,868	4	88,262	0.00	0.06
EFF			1	21,599		0.26
Programming Period 2014-20 - reporting year 2018	1	40,345	29	3,776,079		
CF			8	527,812		
ERDF	1	40,345	20	3,234,231		
ESF			1	14,036		
Programming Period 2014-20 - cumulative	2	1,093,157	33	4,160,952	0.11	0.40
CF			8	527,812		0.24
ERDF	2	1,093,157	23	3,586,581	0.20	0.67
ESF			2	46,559		0.02

Ratio of established fraud	N	N	N	%
Irregularities reported as fraudulent 2014-18	6		6	0%

Italy - Italia

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	38	5,800,213	66	4,027,116	0.43%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	26	1,749,409	320	17,994,412	0.04%	0.42%
Rural Development (RD)	5	351,422	162	29,201,847	0.03%	2.79%
SA/RD	8	1,005,177	53	6,981,795		
TOTAL	39	3,106,008	535	54,178,054	0.06%	1.01%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	130	13,901,662	1,434	87,429,464	0.06%	0.39%
Rural Development (RD)	23	2,849,755	875	77,276,890	0.06%	1.49%
SA/RD	29	4,814,300	184	17,219,487		
TOTAL	182	21,565,717	2493	181,925,841	0.08%	0.66%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	1	92,522	230	73,110,539		
ERDF	1	92,522	151	70,172,455		
ESF			79	2,938,084		
Programming Period 2007-13 - cumulative	77	76,299,294	1,830	397,273,207	0.29	1.51
ERDF	43	65,429,310	1,554	372,407,694	0.34	1.92
ESF	10	1,978,975	260	23,434,890	0.03	0.36
EFF	24	8,891,009	16	1,430,623	2.77	0.45
Programming Period 2014-20 - reporting year 2018			9	764,251		
ERDF			9	764,251		
Programming Period 2014-20 - cumulative			12	824,732		0.02
ERDF			9	764,251		0.02
ESF			2	23,260		0.00
EMFF			1	37,221		0.04

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	362	15	377	4%
Irregularities reported as fraudulent 2014-18	26	3	29	10%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Cyprus - Κύπρος

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	1	12,878	3	57,210	0.24%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)						
Rural Development (RD)						
TOTAL						

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	2	81,332	11	173,157	0.03%	0.06%
Rural Development (RD)	4	170,890	12	511,488	0.20%	0.59%
TOTAL	6	252,222	23	684,645	0.07%	0.18%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	1	104,462	0	0		
ERDF	1	104,462				
Programming Period 2007-13 - cumulative	11	1,156,899	55	4,436,575	0.18	0.70
CF			9	1,583,683	0.00	0.74
ERDF	5	871,328	28	1,390,156	0.31	0.50
ESF	4	82,121	13	1,312,228	0.07	1.10
EFF	2	203,450	5	150,508	1.03	0.76
Programming Period 2014-20 - reporting year 2018			2	52,891		
CF			1	11,855		
ERDF			1	41,036		
Programming Period 2014-20 - cumulative			3	204,214		0.08
CF			1	11,855		0.01
ERDF			1	41,036		0.03
ESF			1	151,323		0.70

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	5	1	6	17%
Irregularities reported as fraudulent 2014-18	4	1	5	20%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Latvia - Latvija

1. Traditional Own Resources					
Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	7	779,838	11	292,235	2.01%

2. Natural Resources						
Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			1	12,550		0.01%
Rural Development (RD)	1	87,352	8	363,676	0.05%	0.19%
TOTAL	1	87,352	9	376,226	0.02%	0.09%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			3	37,379		0.00%
Rural Development (RD)	29	2,205,101	96	3,553,700	0.34%	0.56%
SA/RD			3	121,555		
TOTAL	29	2,205,101	102	3,712,634	0.14%	0.23%

3. Cohesion and Fisheries Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018						
Programming Period 2007-13 - cumulative	63	37,044,373	483	105,056,108	0.80	2.26
CF	2	2,598,379	68	22,752,825	0.17	1.48
ERDF	52	34,134,701	371	75,212,599	1.42	3.12
ESF	8	127,497	33	5,868,007	0.02	1.01
EFF	1	183,796	11	1,222,677	0.15	0.98
Programming Period 2014-20 - reporting year 2018	2	56,525	8	992,211		
CF			6	949,101		
ERDF			1	16,939		
ESF	2	56,525				
EMFF			1	26,171		
Programming Period 2014-20 - cumulative	3	58,963	11	1,034,395	0.01	0.11
CF			6	949,101		0.33
ERDF			1	16,939		0.00
ESF	3	58,963	2	26,363	0.05	0.02
EMFF			2	41,992		0.11

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	26	7	33	21%
Irregularities reported as fraudulent 2014-18	30	6	36	17%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Lithuania - Lietuva

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	20	1,900,284	25	3,224,922	4.49%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			50	998,775		0.20%
Rural Development (RD)	2	60,447	92	3,239,905	0.03%	1.49%
SA/RD			5	78,524		
TOTAL	2	60,447	147	4,317,204	0.01%	0.61%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	1	42,299	163	3,172,909	0.00%	0.15%
Rural Development (RD)	39	9,090,980	544	43,567,103	0.86%	4.12%
SA/RD			23	544,068		
TOTAL	40	9,133,279	730	47,284,080	0.28%	1.46%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018			8	1,513,474		
ERDF			5	1,045,927		
EFF			3	467,547		
Programming Period 2007-13 - cumulative	15	1,859,994	561	125,862,350	0.03	1.84
CF	5	773,507	189	81,830,291	0.03	3.55
ERDF	5	526,379	319	41,266,035	0.02	1.20
ESF	5	560,108	31	1,322,177	0.05	0.13
EFF			22	1,443,847	0.00	2.78
Programming Period 2014-20 - reporting year 2018	3	343,691	31	1,203,138		
CF			17	804,039		
ERDF			13	385,759		
ESF	3	343,691	1	13,340		
Programming Period 2014-20 - cumulative	3	343,691	57	6,682,441	0.02	0.34
CF			33	4,586,429		0.67
ERDF			22	2,063,329		0.21
ESF	3	343,691	2	32,683	0.13	0.01

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 2014-18	6	3	9	33%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Luxembourg

1. Traditional Own Resources

Reporting Year 2018	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 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Rural Development (RD)			1	39,266		0.27%
TOTAL	0	0	1	39,266		0.08%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Rural Development (RD)			1	39,266		0.08%
SA/RD	1	15,857				
TOTAL	1	15,857	1	39,266		0.02%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018						
Programming Period 2007-13 - cumulative			8	210,788		0.42
<i>ESF</i>			8	210,788		0.84
Programming Period 2014-20 - reporting year 2018						
Programming Period 2014-20 - cumulative						

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13				
Irregularities reported as fraudulent 2013-17				

Hungary - Magyarország

1. Traditional Own Resources					
Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	1	771,268	10	466,926	0.51%

2. Natural Resources						
Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			24	3,018,944		0.23%
Rural Development (RD)	1	436,462	80	2,265,621	0.11%	0.59%
TOTAL	1	436,462	104	5,284,565	0.03%	0.31%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	33	6,323,128	262	15,618,447	0.10%	0.24%
Rural Development (RD)	223	13,865,919	748	36,335,142	0.75%	1.96%
TOTAL	256	20,189,047	1010	51,953,589	0.24%	0.61%

3. Cohesion and Fisheries Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	20	2,018,308	200	19,724,171		
CF			3	431,381		
ERDF	20	2,018,308	163	15,904,615		
ESF			34	3,388,175		
Programming Period 2007-13 - cumulative	114	10,694,617	1,763	281,931,230	0.04	1.15
CF	2	126,056	121	41,336,662	0.00	0.49
ERDF	99	9,390,591	1,377	205,379,438	0.07	1.63
ESF	13	1,177,970	254	34,627,040	0.03	1.01
EFF			11	588,090		1.78
Programming Period 2014-20 - reporting year 2018	38	9,877,015	55	13,275,384		
ERDF	38	9,877,015	55	13,275,384		
Programming Period 2014-20 - cumulative	38	9,877,015	55	13,275,384	0.14	0.19
ERDF	38	9,877,015	55	13,275,384	0.26	0.36

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 2014-18	144		144	0%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Malta

1. Traditional Own Resources

Reporting Year 2018	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 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)						
Rural Development (RD)			2	196,018		2.09%
SA/RD						
TOTAL			2	196,018		1.34%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			3	372,454		1.35%
Rural Development (RD)	1	61,814	14	813,550	0.16%	2.16%
SA/RD			6	109,516		
TOTAL	1	61,814	23	1,295,520	0.09%	1.99%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018						
Programming Period 2007-13 - cumulative	16	305,510	80	15,802,047	0.04	1.95
CF			12	11,016,896		4.08
ERDF	16	305,510	48	4,216,267	0.07	1.00
ESF			20	568,884		0.51
Programming Period 2014-20 - reporting year 2018			1	15,800		
ESF			1	15,800		
Programming Period 2014-20 - cumulative			1	15,800		0.01
ESF			1	15,800		0.07

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 2014-18	2		2	0%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Netherlands - Nederland

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	18	2,365,801	485	128,379,003	4.18%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	10	469,727	8	131,100	0.06%	0.02%
Rural Development (RD)	5	358,088	8	529,698	0.45%	0.67%
TOTAL	15	827,815	16	660,798	0.10%	0.08%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	17	620,305	174	10,752,428	0.02%	0.26%
Rural Development (RD)	6	391,377	273	8,265,665	0.11%	2.30%
SA/RD			6	80,026		
TOTAL	23	1,011,682	453	19,098,119	0.02%	0.43%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	0	0	2	0		
<i>EFF</i>			2	0		
Programming Period 2007-13 - cumulative	15	4,324,984	430	33,696,488	0.26	2.00
<i>ERDF</i>	2	209,943	243	20,311,930	0.03	2.45
<i>ESF</i>	13	4,115,041	56	10,534,163	0.50	1.28
<i>EFF</i>			131	2,850,395	0.00	8.05
Programming Period 2014-20 - reporting year 2018			2	33,497		
<i>ERDF</i>			2	33,497		
Programming Period 2014-20 - cumulative			2	33,497		0.01
<i>ERDF</i>			2	33,497		0.03

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 2014-18	14		14	0%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Austria - Österreich

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	3	87,272	44	2,097,472	0.83%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			2	336,360		0.05%
Rural Development (RD)			5	313,948		0.06%
TOTAL			7	650,308		0.05%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	2	129,163	31	862,261	0.00%	0.02%
Rural Development (RD)	1	14,444	58	1,544,050	0.00%	0.07%
SA/RD			3	70,928		
TOTAL	3	143,607	92	2,477,239	0.00%	0.04%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018			2	274,583		
<i>ERDF</i>			2	274,583		
Programming Period 2007-13 - cumulative	8	1,542,060	315	25,258,099	0.14	2.23
<i>ERDF</i>	7	1,531,149	257	21,976,246	0.24	3.50
<i>ESF</i>	1	10,911	57	3,264,208	0.00	0.65
<i>EFF</i>			1	17,645		0.34
Programming Period 2014-20 - reporting year 2018	1	200	6	228,543		
<i>ERDF</i>			4	198,410		
<i>ESF</i>	1	200	2	30,133		
Programming Period 2014-20 - cumulative	1	200	6	228,543	0.00	0.11
<i>ERDF</i>			4	198,410		0.18
<i>ESF</i>	1	200	2	30,133	0.00	0.03

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 2014-18	3		3	0%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Poland - Polska

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	41	2,239,388	108	5,953,757	0.89%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	12	21,989,558	11	877,251	0.64%	0.03%
Rural Development (RD)	16	875,068	106	4,924,234	0.09%	0.52%
TOTAL	28	22,864,626	117	5,801,485	0.52%	0.13%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	144	94,782,004	65	6,570,403	0.55%	0.04%
Rural Development (RD)	232	14,898,281	899	37,309,653	0.26%	0.66%
SA/RD	2	125,637	3	94,077		
TOTAL	378	109,805,922	967	43,974,133	0.48%	0.19%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	21	13,081,286	180	32,822,694		
CF			2	44,010		
ERDF	21	13,081,286	171	30,409,542		
ESF			2	2,062,171		
EFF			5	306,971		
Programming Period 2007-13 - cumulative	339	427,714,210	5,487	1,325,628,862	0.63	1.95
CF	8	169,309,554	201	261,557,016	0.76	1.17
ERDF	269	245,215,709	4,702	1,013,812,351	0.70	2.91
ESF	56	7,886,146	492	43,565,154	0.08	0.44
EFF	6	5,302,801	92	6,694,341	0.76	0.96
Programming Period 2014-20 - reporting year 2018	73	38,568,334	245	25,845,437		
CF			7	626,292		
ERDF	47	32,605,938	159	20,547,309		
ESF	25	5,605,864	79	4,671,836		
EMFF	1	356,532				
Programming Period 2014-20 - cumulative	98	44,650,569	301	74,280,857	0.21	0.35
CF			18	1,683,028		0.02
ERDF	50	33,935,396	187	66,652,743	0.33	0.64
ESF	47	10,358,641	96	5,945,086	0.34	0.19
EMFF	1	356,532			0.38	

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	133	25	158	16%
Irregularities reported as fraudulent 2014-18	298	14	312	4%

* Figures may differ from Table CP31 w here the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Portugal

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	3	1,604,104	34	7,794,511	4.27%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	2	86,835	54	1,715,326	0.01%	0.22%
Rural Development (RD)	1	45,192	353	17,043,788	0.01%	3.39%
TOTAL	3	132,027	407	18,759,114	0.01%	1.47%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	8	1,122,494	193	7,339,628	0.03%	0.19%
Rural Development (RD)	14	6,570,318	1,511	81,902,574	0.24%	3.02%
TOTAL	22	7,692,812	1704	89,242,202	0.12%	1.37%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR		
Programming Period 2007-13 - reporting year 2018	2	34,165,478				
<i>ESF</i>	2	34,165,478				
Programming Period 2007-13 - cumulative	59	153,970,871	1,252	184,555,178	0.71	0.85
<i>CF</i>	1	91,452	75	7,249,585	0.00	0.24
<i>ERDF</i>	21	96,292,291	690	144,760,381	0.84	1.26
<i>ESF</i>	23	56,652,264	361	16,364,948	0.83	0.24
<i>EFF</i>	14	934,864	126	16,180,264	0.43	7.48
Programming Period 2014-20 - reporting year 2018			35	3,429,970		
<i>CF</i>			1	525,441		
<i>ERDF</i>			12	1,587,701		
<i>ESF</i>			22	1,316,828		
Programming Period 2014-20 - cumulative	1	2,168,010	38	3,706,221	0.03	0.06
<i>CF</i>			1	525,441		0.09
<i>ERDF</i>	1	2,168,010	12	1,587,701	0.06	0.04
<i>ESF</i>			23	1,331,017		0.06
<i>EMFF</i>			2	262,062		0.33

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	71	3	74	4%
Irregularities reported as fraudulent 2014-18	50		50	0%

* Figures may differ from Table CP32 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Romania - România

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	3	50,386	22	2,375,356	1.10%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	53	2,792,556	101	6,832,042	0.15%	0.38%
Rural Development (RD)	61	15,522,627	208	18,647,211	1.35%	1.63%
TOTAL	114	18,315,183	309	25,479,253	0.62%	0.86%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	227	7,607,588	856	78,653,746	0.10%	0.99%
Rural Development (RD)	250	54,641,712	2,219	169,616,249	0.91%	2.84%
TOTAL	477	62,249,300	3075	248,269,995	0.45%	1.79%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	39	58,050,558	96	12,883,918		
CF	1	77,807	28	4,604,471		
ERDF	28	55,941,155	28	3,939,084		
ESF	9	1,995,465	38	3,393,643		
EFF	1	36,131	2	946,720		
Programming Period 2007-13 - cumulative	319	239,981,387	2,318	506,319,518	1.40	2.95
CF	4	16,868,647	344	183,361,701	0.29	3.14
ERDF	224	206,743,506	1,091	240,887,188	2.54	2.96
ESF	85	13,877,077	788	59,824,751	0.46	2.00
EFF	6	2,492,157	95	22,245,878	1.47	13.14
Programming Period 2014-20 - reporting year 2018	5	153,425	2	35,573		
ERDF	5	153,425	2	35,573		
Programming Period 2014-20 - cumulative	5	153,425	2	35,573	0.00	0.00
ERDF	5	153,425	2	35,573	0.01	0.00

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	58	1	59	2%
Irregularities reported as fraudulent 2014-18	263	2	265	1%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Slovenia - Slovenija

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	8	405,956	5	563,809	1.10%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			2	31,023		0.02%
Rural Development (RD)	1	28,835	19	282,995	0.03%	0.26%
TOTAL	1	28,835	21	314,018	0.01%	0.12%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	8	600,462	10	304,214	0.08%	0.04%
Rural Development (RD)	3	381,915	78	1,797,572	0.08%	0.38%
TOTAL	11	982,377	88	2,101,786	0.08%	0.18%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018			1	591,305		
<i>ERDF</i>			1	591,305		
Programming Period 2007-13 - cumulative	26	27,892,275	259	52,182,753	0.68	1.27
<i>CF</i>	1	491,175	21	10,749,527	0.03	0.76
<i>ERDF</i>	16	27,137,289	180	37,301,942	1.40	1.93
<i>ESF</i>	9	263,811	56	3,719,298	0.03	0.49
<i>EFF</i>			2	411,986		2.06
Programming Period 2014-20 - reporting year 2018			3	1,339,599		
<i>CF</i>			1	1,283,195		
<i>ESF</i>			2	56,404		
Programming Period 2014-20 - cumulative			3	1,339,599		0.22
<i>CF</i>			1	1,283,195		0.53
<i>ESF</i>			2	56,404		0.03

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	Ratio of Established Fraud
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	7	4	11	36%
Irregularities reported as fraudulent 2014-18	12	3	15	20%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Slovakia - Slovensko

1. Traditional Own Resources					
Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	5	115,016	6	435,887	0.47%

2. Natural Resources						
Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			2	32,233		0.01%
Rural Development (RD)	4	572,148	26	1,982,659	0.29%	0.99%
SA/RD	2	202,409	5	143,693		
TOTAL	6	774,557	33	2,158,585	0.12%	0.33%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	1	1,483	18	404,902	0.00%	0.02%
Rural Development (RD)	26	3,159,759	146	12,147,203	0.39%	1.49%
SA/RD	2	202,409	13	914,690		
TOTAL	29	3,363,651	177	13,466,795	0.11%	0.45%

3. Cohesion and Fisheries Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	38	101,791,262	24	167,722,240		
CF	3	13,881,949	3	3,679,776		
ERDF	29	86,687,994	19	163,960,158		
ESF	6	1,221,319	2	82,306		
Programming Period 2007-13 - cumulative	223	227,828,036	1,479	1,246,560,892	2.09	11.41
CF	18	46,162,477	136	489,177,750	1.25	13.21
ERDF	138	162,591,665	898	678,670,185	2.80	11.71
ESF	63	18,761,464	434	77,868,173	1.33	5.52
EFF	4	312,430	11	844,784	2.56	6.91
Programming Period 2014-20 - reporting year 2018	35	644,730,949	60	99,827,133		
CF	22	11,502,512	13	61,825,288		
ERDF	13	633,228,437	36	19,248,871		
ESF			11	18,752,974		
Programming Period 2014-20 - cumulative	35	644,730,949	82	105,180,051	21.22	3.46
CF	22	11,502,512	15	62,834,653	0.84	4.61
ERDF	13	633,228,437	53	23,485,318	53.42	1.98
ESF			14	18,860,080		3.86

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	18	9	27	33%
Irregularities reported as fraudulent 2014-18	235	11	246	4%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Finland – Suomi-Finland

1. Traditional Own Resources

Reporting Year 2017	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	5	267,571	27	2,677,938	1.71%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Rural Development (RD)			13	348,716		0.10%
TOTAL			13	348,716		0.04%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			9	135,422		0.01%
Rural Development (RD)			48	1,029,242		0.07%
SA/RD			29	567,666		
TOTAL			86	1,732,330		0.04%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	2	39,843				
ERDF	2	39,843				
Programming Period 2007-13 - cumulative	3	66,629	80	3,763,761	0.00	0.23
ERDF	2	39,843	52	2,131,838	0.00	0.22
ESF			20	1,101,927		0.18
EFF	1	26,786	8	529,996	0.07	1.45
Programming Period 2014-20 - reporting year 2018	1	425,525	12	857,725		
ERDF	1	425,525	3	561,053		
ESF			6	208,129		
EMFF			3	88,543		
Programming Period 2014-20 - cumulative	1	425,525	17	1,282,620	0.08	0.25
ERDF	1	425,525	5	662,622	0.15	0.23
ESF			8	400,747		0.20
EMFF			4	219,251		0.81

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 2014-18	5		5	0%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

Sweden - Sverige

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	1	33,964	150	5,929,751	0.97%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)						
Rural Development (RD)			4	244,336		0.12%
SA/RD						
TOTAL	0	0	4	244,336		0.03%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)			20	2,687,473		0.08%
Rural Development (RD)			53	2,682,013		0.29%
SA/RD	2	7,255	5	237,005		
TOTAL	2	7,255	78	5,606,491	0.00%	0.13%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018						
Programming Period 2007-13 - cumulative	4	66,797	147	8,105,895	0.00	0.49
ERDF	2	29,027	85	5,086,551	0.00	0.56
ESF	2	37,770	48	2,562,390	0.01	0.37
EFF			14	456,954		0.88
Programming Period 2014-20 - reporting year 2018	1	303,550	4	189,033		
ERDF			2	146,524		
ESF	1	303,550	2	42,509		
Programming Period 2014-20 - cumulative	1	303,550	12	412,463	0.06	0.08
ERDF			3	162,369		0.05
ESF	1	303,550	9	250,094	0.21	0.17

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 2014-18	4		4	0%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

United Kingdom

1. Traditional Own Resources

Reporting Year 2018	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	27	937,725	782	127,034,165	3.48%

2. Natural Resources

Irregularities reported in 2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	1	13,488	25	1,002,578	0.00%	0.03%
Rural Development (RD)	4	73,745	56	1,038,904	0.01%	0.18%
SA/RD			1	34,755		
TOTAL	5	87,233	82	2,076,237		0.06%

Irregularities reported 2014-2018						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Support to agriculture (SA)	3	382,750	75	2,516,170	0.00%	0.02%
Rural Development (RD)	13	292,045	247	5,386,795	0.01%	0.17%
SA/RD			4	92,677		
TOTAL	16	674,795	326	7,995,642	0.00%	0.04%

3. Cohesion and Fisheries Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2018	1	632,702	1	2,941		
ESF	1	632,702	1	2,941		
Programming Period 2007-13 - cumulative	49	12,164,404	3,075	212,523,866	0.13	2.20
ERDF	21	2,445,398	1,754	122,569,532	0.05	2.33
ESF	26	9,572,208	1,281	87,771,299	0.22	2.05
EFF	2	146,798	40	2,183,035	0.12	1.77
Programming Period 2014-20 - reporting year 2018	2	366,322	140	950,177		
ERDF			103	831,539		
ESF	2	366,322	37	118,638		
Programming Period 2014-20 - cumulative	2	366,322	492	2,564,447	0.02	0.12
ERDF			218	2,266,096		0.17
ESF	2	366,322	274	298,351	0.05	0.04

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	51	9	60	15%
Irregularities reported as fraudulent 2014-18	24	3	27	11%

* Figures may differ from Table CP31 where the focus was on the Dismissal Ratio and Established Fraud Ratio for the Programming Period 2007-2013. In this Table, irregularities referring to any Programming Period are considered.

ANNEXES

Annex 1

TOR: Total number of fraudulent and non-fraudulent cases discovered with the related estimated and established amount 2014-2018

MS	2014		2015		2016		2017		2018	
	N	EUR								
BE	147	19.048.837	253	15.381.576	213	14.800.873	223	24.965.787	256	42.770.603
BG	28	634.160	27	745.534	13	343.818	20	1.258.312	6	601.490
CZ	83	12.327.345	72	3.674.130	82	5.727.119	89	8.355.714	94	4.696.506
DK	71	5.336.711	91	6.222.118	79	12.258.546	58	2.416.910	54	7.401.412
DE	1.781	95.550.296	2.136	140.563.082	1.853	86.145.500	2.000	108.871.648	1.509	107.827.233
EE	8	249.167	9	247.557	9	1.303.483	5	322.079	9	677.107
IE	28	4.313.814	32	3.340.624	35	6.402.932	35	3.189.457	36	4.615.501
EL	48	12.188.688	57	16.692.582	46	16.496.661	43	14.630.570	30	6.480.744
ES	413	47.411.444	320	24.817.480	303	45.263.054	264	48.337.739	314	33.934.611
FR	426	47.886.717	382	28.690.422	346	48.020.494	299	28.037.557	280	96.151.343
HR	10	647.638	14	975.020	17	609.108	15	1.094.608	16	1.102.842
IT	155	62.036.016	152	12.771.224	112	13.805.644	145	18.025.093	104	9.827.329
CY	11	162.729	4	127.072	8	332.446	5	128.966	4	70.088
LV	26	1.717.375	30	1.995.004	32	4.056.870	12	555.952	18	1.072.073
LT	49	2.892.165	47	1.325.639	26	915.350	57	2.339.517	45	5.125.206
LU	0	0	0	0	0	0	0	0	0	0
HU	87	1.419.634	27	1.213.969	16	4.121.423	26	6.294.351	11	1.238.194
MT	4	1.466.945	5	623.612	2	320.682	2	366.319	0	0
NL	393	42.787.270	462	111.187.120	523	132.231.615	450	75.625.235	503	130.744.804
AT	81	6.389.271	75	3.909.658	61	15.345.478	56	7.365.832	47	2.184.744
PL	213	10.611.911	129	5.053.147	166	6.974.203	99	3.265.078	149	8.193.145
PT	58	3.652.681	22	3.764.190	17	6.609.241	38	5.457.304	37	9.398.614
RO	75	7.096.470	93	8.008.639	57	5.531.161	32	3.028.787	25	2.425.741
SI	19	1.201.576	12	446.511	1	25.222	12	491.867	13	969.765
SK	35	1.753.766	10	605.925	18	1.026.172	11	756.807	11	550.903
FI	35	1.446.295	38	1.739.021	40	2.385.846	31	2.058.548	32	2.945.510
SE	87	4.066.009	79	3.000.495	101	6.022.090	169	10.737.269	151	5.963.715
UK	1.198	69.461.143	971	45.162.720	835	83.372.748	811	99.691.527	809	127.971.890
Total	5.569	463.756.072	5.549	442.284.072	5.011	520.447.778	5.007	477.668.832	4.563	614.941.111

Annex 2

**TOR: Total number of fraudulent cases discovered with the related estimated and established amount
2014-2018**

MS	2014		2015		2016		2017		2018	
	N	EUR	N	EUR	N	EUR	N	EUR	N	EUR
BE	26	13.145.504	45	7.486.346	41	8.952.164	28	14.561.421	39	35.939.701
BG	24	497.380	23	648.683	11	331.471	19	1.192.724	5	542.270
CZ	0	0	2	47.149	2	148.057	0	0	0	0
DK	2	696.296	6	2.681.773	5	8.555.495	1	87.789	2	167.285
DE	143	13.756.734	159	29.702.791	117	5.423.401	59	7.285.945	95	18.731.575
EE	2	108.304	5	134.899	4	71.272	4	310.930	4	568.102
IE	4	2.249.080	8	1.544.668	6	1.176.186	1	33.992	10	1.497.154
EL	35	9.953.507	34	13.390.124	38	7.897.411	33	14.329.015	21	5.205.677
ES	122	31.249.790	75	4.956.829	50	3.198.014	34	3.162.346	44	3.906.486
FR	135	33.844.347	99	14.865.623	92	25.954.197	98	13.221.533	60	80.276.451
HR	8	513.850	5	249.286	5	342.904	8	831.921	12	1.028.297
IT	51	54.349.363	40	5.553.956	22	6.916.737	23	1.947.383	38	5.800.213
CY	2	22.192	3	112.709	7	332.446	4	118.402	1	12.878
LV	19	866.731	18	1.616.073	16	938.871	8	359.109	7	779.838
LT	14	712.907	17	559.196	10	266.102	38	1.332.822	20	1.900.284
LU	0	0	0	0	0	0	0	0	0	0
HU	8	185.714	5	180.657	2	86.787	4	332.664	1	771.268
MT	3	1.391.777	1	18.961	2	320.682	2	366.319	0	0
NL	7	414.169	3	1.596.447	9	515.657	10	3.358.199	18	2.365.801
AT	23	3.627.369	10	1.001.186	14	5.716.261	7	5.654.247	3	87.272
PL	37	3.433.335	59	1.751.606	92	2.977.357	52	1.858.778	41	2.239.388
PT	4	454.899	7	3.214.944	1	5.299.535	6	839.593	3	1.604.104
RO	14	366.332	21	990.209	16	2.743.678	9	297.917	3	50.386
SI	13	1.067.985	3	139.295	0	0	4	171.727	8	405.956
SK	3	256.714	3	117.282	3	707.196	0	0	5	115.016
FI	3	74.840	6	412.415	6	119.457	4	83.383	5	267.571
SE	3	214.245	0	0	2	92.247	4	4.328.446	1	33.964
UK	44	2.329.868	42	990.109	9	299.933	9	482.705	27	937.725
Total	749	175.783.234	699	93.963.217	582	89.383.521	469	76.549.311	473	165.234.661

Annex 3

TOR: Total number of non-fraudulent cases with the related estimated and established amount - 2014-2018															
MS	2014			2015			2016			2017			2018		
	N	EUR		N	EUR		N	EUR		N	EUR		N	EUR	
BE	121	5.903.333		208	7.895.230		172	5.848.708		195	10.404.367		217	6.830.902	
BG	4	136.779		4	96.851		2	12.347		1	65.587		1	59.220	
CZ	83	12.327.345		70	3.626.981		80	5.579.062		89	8.355.714		94	4.696.506	
DK	69	4.640.414		85	3.540.345		74	3.703.051		57	2.329.121		52	7.234.128	
DE	1.638	81.793.561		1.977	110.860.291		1.736	80.722.099		1.941	101.585.704		1.414	89.095.658	
EE	6	140.863		4	112.658		5	1.232.211		1	11.149		5	109.005	
IE	24	2.064.734		24	1.795.956		29	5.226.746		34	3.155.465		26	3.118.347	
EL	13	2.235.181		23	3.302.458		8	8.599.250		10	301.554		9	1.275.067	
ES	291	16.161.654		245	19.860.651		253	42.065.040		230	45.175.393		270	30.028.125	
FR	291	14.042.370		283	13.824.800		254	22.066.297		201	14.816.024		220	15.874.892	
HR	2	133.787		9	725.734		12	266.204		7	262.687		4	74.545	
IT	104	7.686.653		112	7.217.268		90	6.888.907		122	16.077.710		66	4.027.116	
CY	9	140.537		1	14.363		1	0		1	10.564		3	57.210	
LV	7	850.644		12	378.930		16	3.117.998		4	196.843		11	292.235	
LT	35	2.179.258		30	766.443		16	649.248		19	1.006.695		25	3.224.922	
LU	0	0		0	0		0	0		0	0		0	0	
HU	79	1.233.920		22	1.033.311		14	4.034.636		22	5.961.687		10	466.926	
MT	1	75.168		4	604.651		0	0		0	0		0	0	
NL	386	42.373.101		459	109.590.673		514	131.715.958		440	72.267.036		485	128.379.003	
AT	58	2.761.902		65	2.908.472		47	9.629.217		49	1.711.585		44	2.097.472	
PL	176	7.178.576		70	3.301.541		74	3.996.846		47	1.406.300		108	5.953.757	
PT	54	3.197.782		15	549.246		16	1.309.706		32	4.617.711		34	7.794.511	
RO	61	6.730.138		72	7.018.430		41	2.787.483		23	2.730.870		22	2.375.356	
SI	6	133.591		9	307.216		1	25.222		8	320.139		5	563.809	
SK	32	1.497.052		7	488.643		15	318.976		11	756.807		6	435.887	
FI	32	1.371.455		32	1.326.606		34	2.266.388		27	1.975.165		27	2.677.938	
SE	84	3.851.764		79	3.000.495		99	5.929.843		165	6.408.823		150	5.929.751	
UK	1.154	67.131.275		929	44.172.610		826	83.072.815		802	99.208.822		782	127.034.165	
Total	4.820	287.972.838		4.850	348.320.855		4.429	431.064.257		4.538	401.119.521		4.090	449.706.450	

Annex 4

**TOR: Percentage of the financial impact of OWNRES cases to the collected and made available TOR (gross) in 2018
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	%
BE	2.605.160.504	42.770.603	1,64%	35.939.701	1,38%	6.830.902	0,26%
BG	120.546.317	601.490	0,50%	542.270	0,45%	59.220	0,05%
CZ	333.294.541	4.696.506	1,41%	0	0,00%	4.696.506	1,41%
DK	421.859.377	7.401.412	1,75%	167.285	0,04%	7.234.128	1,71%
DE	4.999.734.214	107.827.233	2,16%	18.731.575	0,37%	89.095.658	1,78%
EE	41.242.082	677.107	1,64%	568.102	1,38%	109.005	0,26%
IE	356.401.517	4.615.501	1,30%	1.497.154	0,42%	3.118.347	0,87%
EL	225.288.406	6.480.744	2,88%	5.205.677	2,31%	1.275.067	0,57%
ES	1.910.119.170	33.934.611	1,78%	3.906.486	0,20%	30.028.125	1,57%
FR	2.058.694.268	96.151.343	4,67%	80.276.451	3,90%	15.874.892	0,77%
HR	45.852.052	1.102.842	2,41%	1.028.297	2,24%	74.545	0,16%
IT	2.271.237.062	9.827.329	0,43%	5.800.213	0,26%	4.027.116	0,18%
CY	28.829.016	70.088	0,24%	12.878	0,04%	57.210	0,20%
LV	53.312.705	1.072.073	2,01%	779.838	1,46%	292.235	0,55%
LT	114.101.823	5.125.206	4,49%	1.900.284	1,67%	3.224.922	2,83%
LU	25.125.758	0	0,00%	0	0,00%	0	0,00%
HU	241.361.284	1.238.194	0,51%	771.268	0,32%	466.926	0,19%
MT	16.065.932	0	0,00%	0	0,00%	0	0,00%
NL	3.128.684.495	130.744.804	4,18%	2.365.801	0,08%	128.379.003	4,10%
AT	262.092.022	2.184.744	0,83%	87.272	0,03%	2.097.472	0,80%
PL	918.734.486	8.193.145	0,89%	2.239.388	0,24%	5.953.757	0,65%
PT	219.866.963	9.398.614	4,27%	1.604.104	0,73%	7.794.511	3,55%
RO	219.780.701	2.425.741	1,10%	50.386	0,02%	2.375.356	1,08%
SI	87.993.071	969.765	1,10%	405.956	0,46%	563.809	0,64%
SK	116.727.140	550.903	0,47%	115.016	0,10%	435.887	0,37%
FI	172.748.885	2.945.510	1,71%	267.571	0,15%	2.677.938	1,55%
SE	617.626.338	5.963.715	0,97%	33.964	0,01%	5.929.751	0,96%
UK	3.677.057.294	127.971.890	3,48%	937.725	0,03%	127.034.165	3,45%
Total	25.289.537.421	614.941.111	2,43%	165.234.661	0,65%	449.706.450	1,78%

Annex 5

TOR: Recovery rates (RR) per cut-off date						
MS	2017			2018		
	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	16.629.676	11.184.943	67%	22.044.258	11.300.647	51%
BG	1.258.312	132.243	11%	601.490	97.201	16%
CZ	8.355.714	4.819.621	58%	4.696.506	4.467.278	95%
DK	2.416.910	2.221.505	92%	7.401.412	6.131.166	83%
DE	108.871.648	94.986.635	87%	107.827.233	84.937.555	79%
EE	322.079	11.149	3%	677.107	89.986	13%
IE	3.155.465	3.080.086	98%	3.118.347	1.933.034	62%
EL	8.381.459	212.608	3%	4.433.723	278.332	6%
ES	46.695.822	13.165.105	28%	31.762.275	22.411.605	71%
FR	26.975.788	12.968.296	48%	94.753.921	83.959.602	89%
HR	1.094.608	413.389	38%	1.102.842	530.187	48%
IT	17.013.388	3.390.795	20%	8.787.390	3.001.627	34%
CY	128.966	43.302	34%	70.088	57.210	82%
LV	555.952	51.897	9%	1.072.073	260.684	24%
LT	2.339.517	425.866	18%	5.125.206	3.181.380	62%
LU	0	0	0%	0	0	0%
HU	6.294.351	5.648.656	90%	1.238.194	1.124.657	91%
MT	366.319	0	0%	0	0	0%
NL	74.316.412	26.852.677	36%	129.994.060	32.551.628	25%
AT	7.365.832	6.205.569	84%	2.184.744	1.845.505	84%
PL	3.265.078	1.343.898	41%	8.159.660	4.047.943	50%
PT	4.982.829	2.635.890	53%	9.347.470	3.719.205	40%
RO	2.876.537	1.348.510	47%	2.396.606	788.592	33%
SI	491.867	491.867	100%	969.765	969.765	100%
SK	756.807	756.807	100%	550.903	319.131	58%
FI	2.058.548	1.829.838	89%	2.945.510	2.741.186	93%
SE	10.711.486	6.285.130	59%	5.929.751	5.735.508	97%
UK	99.004.048	60.237.766	61%	127.147.990	43.347.909	34%
Total	456.685.417	260.744.046	57%	584.338.523	319.828.526	55%

Annex 6

MS	TOR: Estimated and established amount per customs procedure per Member State 2018										
	Fraudulent					Non-fraudulent					
	Release for free circulation	Transit	Customs warehousing	Inward processing	Other	Release for free circulation	Transit	Customs warehousing	Inward processing	Other	Other
BE	33.021.865	344.723		16.192	2.556.920	3.971.961	819.259	381.246	1.531.704		126.731
BG	365.918	176.352				59.220					
CZ						4.503.807	19.560		173.139		
DK	144.120		23.165			7.135.725			98.402		
DE	18.698.778				32.797	69.409.682	355.791	1.697.423	16.490.747		1.142.014
EE					568.102	109.005					
IE					1.497.154	2.885.837		11.383	36.788		184.339
EL	805.756	50.132			4.349.789	292.995		982.072			
ES	3.906.486					23.334.674			6.675.246		18.205
FR	78.445.150	22.329	14.149	251.865	1.542.958	10.929.267	156.734	84.754	3.753.411		950.726
HR	687.979	340.317				74.545					
IT	4.808.521	991.692				2.354.582	34.079	13.550	95.938		1.528.967
CY	12.878					57.210					
LV	760.830				19.008	229.964	26.501		34.738		1.032
LT		47.037			1.853.247	3.158.820	29.171	36.931			
LU											
HU	771.268					466.926					
MT											
NL	1.334.190		111.419	920.192		105.097.367	660.617	5.986.970	15.700.105		933.944
AT	87.272					1.965.230	101.524		12.718		18.000
PL	1.364.489	874.899				4.634.955	1.318.802				
PT	1.604.104					7.794.511					
RO	21.251				29.135	2.375.356					
SI	405.956					563.809					
SK	57.484	57.532				435.887					
FI	251.085		16.487			2.555.806	10.365		111.767		
SE	33.964					5.257.998	141.452	363.108	105.317		61.876
UK	937.725					105.266.076	525.328		21.242.761		
Total	148.527.069	2.905.014	165.220	1.188.249	12.449.110	364.921.215	4.199.184	9.557.437	66.062.781		4.965.833

Annex 7

TOR: Method of detection by number of cases per Member State 2018													
MS	N	Fraudulent						Non-fraudulent					
		All	Release controls	Post-release controls	Inspections by anti-fraud services	Tax audit	Voluntary admission	Other	All	Release controls	Post-release controls	Inspections by anti-fraud services	Tax audit
BE	256	39	1	34	4	217	32	152	8	7	6	12	
BG	6	5	1	1		1		1					
CZ	94	0				94	5	60	1		27	1	
DK	54	2	2			52	25	19			2	6	
DE	1.509	95	11	81	2	1.414	115	623	12	278	363	23	
EE	9	4	4			5		4	1				
IE	36	10		10		26	3	5	1	11	2	4	
EL	30	21	8	7	4	9		2	7				
ES	314	44	3	28	1	270	99	49	10	75	33	4	
FR	280	60	27	13		220	63	95	39		23		
HR	16	12	4	7		4	2	2					
IT	104	38	2	11	4	66	8	33	9		11	5	
CY	4	1			1	3		3					
LV	18	7	7			11	1	8	1	1	1		
LT	45	20	3	17		25		24	1				
LU		0				0							
HU	11	1	1			10	3	7					
MT		0				0							
NL	503	18	5	10	2	485	178	250			57		
AT	47	3	1	1		44	3	27			8	6	
PL	149	41	14	25	1	108	12	79	11		6		
PT	37	3	1	2		34	7	5	22				
RO	25	3	1	2		22			22				
SI	13	8	6	2		5	3	2					
SK	11	5	3	1	1	6	1	2	3				
FI	32	5	5			27	21	1			5		
SE	151	1	1			150	2	107	1		40		
UK	809	27	26	1		782	3	505	1		273	61	
Total	4.563	473	120	90	218	4.090	586	2.065	149	372	857	61	

Annex 8

TOR: Method of detection by established and estimated amounts per Member State 2018															
MS	Fraudulent							Non-fraudulent							
	ALL	All	Release controls	Post-release controls	Inspections by anti-fraud services	Tax audit	Voluntary admission	Other	All	Release controls	Post-release controls	Inspections by anti-fraud services	Tax audit	Voluntary admission	Other
BE	42.770.603	35.939.701	55.152	35.000.383	884.166	6.830.902	1.283.529	2.080.170	770.359	918.866	1.571.027	206.951			
BG	601.490	542.270	102.519	19.470		59.220		59.220							
CZ	4.696.506	0	167.285			4.696.506	66.084	3.542.995	24.571						
DK	7.401.412	167.285	167.285			7.234.128	1.595.050	678.584							
DE	107.827.233	18.731.575	947.378	17.655.517	27.257	89.095.658	2.836.590	55.461.751	494.061	13.450.216	16.062.648	790.391			
EE	677.107	568.102	568.102			109.005		79.500	29.506						
IE	4.615.501	1.497.154	1.497.154	1.497.154		3.118.347	1.117.561	213.138	61.195	193.605	25.777	1.507.071			
EL	6.480.744	5.205.677	1.488.575	3.269.315	345.727	1.275.067		1.017.585	257.482						
ES	33.934.611	3.906.486	773.130	2.221.349	60.061	30.028.125	6.350.998	7.694.292	347.996	12.140.670	3.389.466	104.703			
FR	96.151.343	80.276.451	1.739.393	2.126.567		15.874.892	1.991.353	6.942.752	6.424.857						
HR	1.102.842	1.028.297	524.748	428.190		74.545	15.492	59.053							
IT	9.827.329	5.800.213	1.032.630	434.814	297.080	4.027.116	407.879	2.632.038	540.288						
CY	70.088	12.878				57.210		57.210							
LV	1.072.073	779.838	779.838			292.235	1.032	261.033		19.790	10.381				
LT	5.125.206	1.900.284	150.623	1.749.661		3.224.922		3.201.408	23.514						
LU		0				0									
HU	1.238.194	771.268	771.268			466.926	180.001	286.925							
MT		0				0									
NL	130.744.804	2.365.801	63.852	1.990.760	199.770	128.379.003	10.093.459	112.580.145			5.705.399				
AT	2.184.744	87.272	21.583	35.046		2.097.472	44.661	1.280.611			566.508	205.693			
PL	8.193.145	2.239.388	1.351.516	29.293		5.953.757	1.922.496	2.965.613	853.102		212.546				
PT	9.398.614	1.604.104	1.287.255	316.848		7.794.511	125.620	131.245	7.537.646						
RO	2.425.741	50.386	9.851	40.535		2.375.356			2.375.356						
SI	969.765	405.956	307.307	98.649		563.809	528.329	35.479							
SK	550.903	115.016	57.532	38.821	18.664	435.887	10.020	27.950	397.916						
FI	2.945.510	267.571	267.571			2.677.938	2.544.674	10.365			122.899				
SE	5.963.715	33.964	33.964			5.929.751	30.037	4.889.122	9.966		1.000.626				
UK	127.971.890	937.725	917.423	20.302		127.034.165	211.156	97.694.544	16.171		29.112.293				
Total	614.941.111	165.234.661	10.206.818	83.501.694	4.491.756	449.706.450	31.356.019	303.892.729	20.163.986	26.723.146	59.725.134	7.855.435			

Annex 9

TOR: Recovery rates (RR) per Member State 2018						
MS	Fraudulent			Non-fraudulent		
	Established amount	Recovered amount	RR	Established amount	Recovered amount	RR
	EUR	EUR	%	EUR	EUR	%
BE	15.655.295	6.217.864	40%	6.388.963	5.082.783	80%
BG	542.270	37.982	7%	59.220	59.220	100%
CZ	0	0	0%	4.696.506	4.467.278	95%
DK	167.285	167.285	100%	7.234.128	5.963.882	82%
DE	18.731.575	7.384.649	39%	89.095.658	77.552.906	87%
EE	568.102	0	0%	109.005	89.986	83%
IE	0	0	0%	3.118.347	1.933.034	62%
EL	3.158.656	19.839	1%	1.275.067	258.493	20%
ES	1.734.150	307.085	18%	30.028.125	22.104.520	74%
FR	78.879.029	77.202.388	98%	15.874.892	6.757.214	43%
HR	1.028.297	455.642	44%	74.545	74.545	100%
IT	4.760.274	489.595	10%	4.027.116	2.512.032	62%
CY	12.878	0	0%	57.210	57.210	100%
LV	779.838	0	0%	292.235	260.684	89%
LT	1.900.284	75.913	4%	3.224.922	3.105.468	96%
LU	0	0	0%	0	0	0%
HU	771.268	771.268	100%	466.926	353.390	76%
MT	0	0	0%	0	0	0%
NL	1.708.686	617.171	36%	128.285.374	31.934.457	25%
AT	87.272	21.583	25%	2.097.472	1.823.922	87%
PL	2.239.388	253.189	11%	5.920.272	3.794.754	64%
PT	1.552.960	265.705	17%	7.794.511	3.453.500	44%
RO	21.251	21.251	100%	2.375.356	767.342	32%
SI	405.956	405.956	100%	563.809	563.809	100%
SK	115.016	57.484	50%	435.887	261.647	60%
FI	267.571	231.403	86%	2.677.938	2.509.783	94%
SE	0	0	0%	5.929.751	5.735.508	97%
UK	127.163	0	0%	127.020.827	43.347.909	34%
Total	135.214.464	95.003.251	70%	449.124.059	224.825.275	50%

Annex 10

TOR: Examination of write-off cases in 2018														
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	EUR	N	EUR	N	EUR
AT	1	441.832	1	373.654	1	1.305.392	1	420.656	4		1		1	2.541.534
BE			1	4.109.417					1					4.109.417
CZ	1	55.146							1					55.146
DE	23	8.533.751	19	9.641.035	42	17.922.559			84		24			36.097.345
DK			1	147.221					1					159.996
ES	3	391.116	6	1.847.299	8	6.483.993			17					8.722.407
FI				237	3	436.434			3					436.671
FR					3	277.121			3					277.121
GR	1	2.003.201	1	301.349	3	10.300.535			5		2			12.605.085
HU			1	3.394.774	1	547.704			2		1			3.942.477
IT	4	940.198	2	414.685	12	19.441.590			18		9			20.796.473
LT					1	973.491			1					973.491
LV			1	95.760	3	765.352			4					861.112
NL					19	12.680.515			19					12.680.515
PL	1	116.628			4	1.414.678			5		1			1.531.306
PT							1	622.955	1		1			622.955
RO	4	2.425.052		665	15	4.345.860			19		7			6.771.578
Total	38	14.919.700	33	20.326.096	115	76.895.224	2	1.043.611	186		46			113.184.631

ANNEX 11

Classification of cases in relation to CAP expenditure

The analysis of irregularities in Section 3 'Common Agricultural Policy' separately focuses on 'rural development' (RD) and direct 'support to agriculture' (SA).

To this purpose, cases are classified as:

- RD, where they concern only expenditure on budget lines/posts that contain the codes '0504', 'B01-4' or 'B01-50' (RD budget codes).¹ In addition, it has been considered that there are 168 irregularities where the field 'Fund' makes reference to the EARDF (European Agriculture Rural Development Fund), even if the budget line/post is not specified.

As from 2004, expenditure on rural development has been grouped under the chapter 0504. Within this context, the titles B050405 (as from 2007) and B050460 (as from 2014) refer to the EAFRD funding.²

Between 2000 and 2003, rural development was financed through the budget line B01-4 (EAGGF Guarantee Section). The appropriations included in this Title were intended to cover expenditure on two types of rural development measures: (1) accompanying measures introduced in 1992 supplemented by less-favoured-areas scheme (2) modernisation and diversification schemes.

Before 2000, there was no explicit reference to rural development in the budget, but line B01-50 (EAGGF Guarantee Section) covered expenditure on accompanying measures, similar to B01-4 in 2000-2003.

- SA, where the budget line/post does not contain RD budget codes, but only SA budget codes (all the others).³ In addition, it has been considered that there are 112 irregularities where the field 'Fund' makes reference to the EAGF (European Agriculture Guarantee Fund) and the budget line/post is not specified. For these cases, it is not clear whether this expenditure financed rural development (from the EAGGF – guarantee section) or SA. In order to find the best possible classification for these cases, the following hypothesis has been made. As from 2007, the EARDF has been created to finance all measures concerning rural development. Consequently, if the budget years associated to an irregularity are from 2007 onwards, it seems to be unlikely that this irregularity is related to rural development, so it has been considered SA (80 cases). In case also the budget year is not mentioned, but the programming period mentioned in the relevant field is 2007-2013 or 2014-2020, the

¹ Most of these cases have the field 'Fund' filled in as 'EAFRD/EAGF', but the Budget line or the Budget post that are explicitly mentioned lead to classify the case in this category RD (7 439 cases out of 11,920). In the category 'RD', also cases are included where the field 'Fund' was filled in as 'EAGF' and the budget line/post includes only RD budget codes (39 irregularities).

² Chapter 504 is split in the following titles: 050401 'r.d. in the EAGGF – Guarantee section' (later with the addition 'Completion of earlier programme 2000-2006'), 050402 'r.d. in the EAGGF – Guidance section' (later with the addition 'Completion of earlier programme'), 050403 'Other measures', 050404 'Transitional instrument for the financing of r.d. by the EAGGF – Guarantee section for the new MS' (later with the addition 'Completion of earlier programmes 2004-2006'), 050405 'r.d. financed by EAFRD (2007-2013)' (from 2007. As from 2014, it becomes 'completion of ...'), 050460 'EAFRD (2014-2020)' (from 2014).

³ Most of these cases have the field 'Fund' filled in as 'EAFRD/EAGF', but the Budget line/post includes only SA budget codes (3 386 cases out of 5 660).

irregularity has also been considered SA (2 cases). The other irregularities (30 cases) have been classified as UNCLEAR.

SA includes expenditure in relation to intervention in agricultural markets and direct payments to farmers.

- 'SA/RD', where they concern both types of expenditure (RD and SA budget codes)⁴. In addition, it has been considered that there are 116 irregularities where the field 'Fund' makes reference to 'EAGF/EARDF', but the budget line/post is not specified. For these cases, it is not clear whether this expenditure financed only rural development (before from the EAGGF – guarantee section and then from EARDF) or both rural development (EARDF) and SA (EAGF). In order to find the best possible classification for these cases, the following hypothesis has been made. As from 2007, the EARDF has been created to finance all measures concerning rural development. Consequently, if the budget years associated to an irregularity are from 2007 onwards only, it seems to be likely that there is also an SA component in the expenditure related to the irregularity (because EAGF is more likely to point to an SA item of expenditure) so the irregularity has been considered SA/RD (66 cases). In case also the budget year is not mentioned, but the programming period is 2007-2013 or 2014-2020, the irregularity has also been considered SA/RD (36 cases). The other irregularities (14 cases) have been classified as UNCLEAR.
- 'UNCLEAR', where information has not been considered enough to assign the case to RD, SA or SA/RD (see above).

Some parts of the analysis in Section 3 'Common Agricultural Policy' separately focus on 'Interventions in agricultural markets' (or 'Market measures') and 'Direct payments'.

In fact, as from 2006, support to agriculture is structured in the EU Budget along 2 main chapters:⁵

- Chapter 0502 'Interventions in agricultural markets';
- Chapter 0503 'Direct aids'.

To the purpose of the analysis in Section 3 'Common Agricultural Policy', cases are classified:

- 'Market measures', where they concern expenditure on Budget lines/posts which contain the code '502', as from the 2006 EU Budget (the same case may concern also other areas, including rural development or direct payments);
- 'Direct payments', where they concern expenditure on Budget lines/posts which contain the code '503', as from the 2006 EU Budget (the same case may concern also other areas, including rural development or market measures).

⁴ Most of these cases have the field 'Fund' filled in as 'EAFRD/EAGF' and the Budget line/post includes both SA and RD budget codes (258 out of 369 cases).

⁵ The other chapters of Title 05 'Agriculture and rural development' are: 0501 'Administrative expenditure', 0504 'Rural development', 0505 'SAPARD' (later 'Instrument for pre-accession assistance'), 0506 'External relations' (later 'International aspects'), 0507 'Audit', 0508 'Policy strategy and coordination', 0549 'Expenditure on administrative management' (until 2013), 0509 'Horizon 2020 – Research and innovation' (from 2014).

Cases concerning only expenditure in 2005 or before are not considered 'Market measures' or 'direct payments'. Before 2006, the EU Budget had a different structure:

- In 2004 and 2005, the chapters 0502 and 0503 referred respectively to 'Plant products' and 'Animal products';
- Before 2004, subsection B01 covered the Guarantee section of the EAGG fund and was split, among others⁶, in:
 - B01-1 'Plant products';
 - B01-2 'Animal products'.

⁶ B01-3 covered "Ancillary expenditure", B01-6 "Monetary reserve".

ANNEX 12

Categories of irregularities and related types

Tables NR9-NR12

The categories used in Tables NR9-NR12 are as follows:

Code	Category	Type
T11	Request	T11/00: Incorrect or incomplete request for aid T11/01: False or falsified request for aid T11/02: Product, species, project and/or activity not eligible for aid T11/03: Incompatible cumulation of aid T11/04: Several requests for the same product, species, project and/or activity T11/99: Other
T12	Beneficiary	T12/00: Incorrect identity operator/beneficiary T12/01: Non-existent operator/beneficiary T12/02: Misdescription of the holding T12/03: Operator/beneficiary not having the required quality T12/99: Other
T13	Accounts and records	T13/00: Incomplete accounts T13/01: Incorrect accounts T13/02: Falsified accounts T13/03: Accounts not presented T13/04: Absence of accounts T13/05: Calculation errors T13/06: Revenues not declared T13/99: Other
T14	Documentary proof	T14/00: Documents missing and/or not provided T14/01: Documents incomplete T14/02: Documents incorrect T14/03: Documents provided too late T14/04: Documents false and/or falsified T14/99: Other
T15	Product, species and/or	T15/00: Over or under production

	land	<p>T15/01: Inexact composition</p> <p>T15/02: Inexact origin</p> <p>T15/03: Inaccurate value</p> <p>T15/04: Inexact quantity</p> <p>T15/05: Variation in quality or content</p> <p>T15/06: Quantities outside permitted limits, quotas, thresholds</p> <p>T15/07: Unauthorised substitution or exchange</p> <p>T15/08: Unauthorised addition or mixture</p> <p>T15/09: Unauthorised use</p> <p>T15/10: Falsification of the product</p> <p>T15/11: Incorrect storage or handling</p> <p>T15/12: Fictitious use or processing</p> <p>T15/13: Incorrect classification (incl. incorrect tariff heading)</p> <p>T15/14: Overdeclaration and/or declaration of fictitious product, species and/or land</p> <p>T15/99: Other</p>
T16	(Non-)action	<p>T16/00: Action not implemented</p> <p>T16/01: Action not completed</p> <p>T16/02: Operation prohibited during the measure</p> <p>T16/03: Failure to respect deadlines</p> <p>T16/04: Irregular termination, sale or reduction</p> <p>T16/05: Absence of identification, marking, etc.</p> <p>T16/06: Refusal of control, audit, scrutiny etc.</p> <p>T16/07: Control, audit, scrutiny etc. not carried out in accordance with regulations, rules, plan etc.</p> <p>T16/08: Infringement of rules concerned with public procurement</p> <p>T16/09: Infringements with regard to the cofinancing system</p> <p>T16/10: Refusal to repay not spent or unduly paid amount</p> <p>T16/99: Other</p>
T17	Movement	<p>T17/00: Irregularities in connection with final destination (change of, non arrival at, etc.)</p> <p>T17/01: Fictitious movement</p>

		T17/99: Other
T18	Bankruptcy	<p>T18/00: Legal persons - liquidation</p> <p>T18/01: Legal persons - reorganisation to structure debt</p> <p>T18/02: Natural persons - repayment plan</p> <p>T18/03: Natural persons - repayment plan not possible</p> <p>T18/99: Other</p>
T19	Ethics and integrity	<p>T19/00: Conflict of interest</p> <p>T19/01: Bribery - passive</p> <p>T19/02: Bribery - active</p> <p>T19/03: Corruption</p> <p>T19/04: Corruption - passive</p> <p>T19/05: Corruption - active</p> <p>T19/99: Other irregularities concerning integrity and ethics</p>
T40	Public procurement (see annex Commission Decision C(2013)9527)	<p>T40/01: Lack of publication of contract notice</p> <p>T40/02: Artificial splitting of works/services/supplies contracts</p> <p>T40/03: Non-compliance with - time limits for receipt of tenders; or - time limits for receipt of requests to participate</p> <p>T40/04: Insufficient time for potential tenderers/candidates to obtain tender documentation</p> <p>T40/05: Lack of publication of -extended time limits for receipt of tenders; or - extended time limits for receipt of requests to participate</p> <p>T40/06: Cases not justifying the use of the negotiated procedure with prior publication of a contract notice</p> <p>T40/07: For the award of contracts in the field of defence and security falling under directive 2009/81/EC specifically, inadequate justification for the lack of publication of a contract notice</p> <p>T40/08: Failure to state: - the selection criteria in the contract notice; and/or - the award criteria (and their weighting) in the contract notice or in the tender specifications</p> <p>T40/09: Unlawful and/or discriminatory selection and/or award criteria laid down in the contract notice or tender documents</p> <p>T40/10: Selection criteria not related and proportionate to the subjectmatter of the contract</p> <p>T40/11: Discriminatory technical specifications</p> <p>T40/12: Insufficient definition of the subject-matter of the contract</p> <p>T40/13: Modification of selection criteria after opening of tenders, resulting in</p>

		<p>incorrect acceptance of tenderers</p> <p>T40/14: Modification of selection criteria after opening of tenders, resulting in incorrect rejection of tenderers</p> <p>T40/15: Evaluation of tenderers/candidates using unlawful selection or award criteria</p> <p>T40/16: Lack of transparency and/or equal treatment during evaluation</p> <p>T40/17: Modification of a tender during evaluation</p> <p>T40/18: Negotiation during the award procedure</p> <p>T40/19: Negotiated procedure with prior publication of a contract notice with substantial modification of the conditions set out in the contract notice or tender specifications</p> <p>T40/20: Rejection of abnormally low tenders</p> <p>T40/21: Conflict of interest</p> <p>T40/22: Substantial modification of the contract elements set out in the contract notice or tender specifications</p> <p>T40/23: Reduction in the scope of the contract</p> <p>T40/24: Award of additional works/services/supplies contracts (if such award constitutes a substantial modification of the original terms of the contract) without competition in the absence of the applicable conditions (extreme urgency brought about by unforeseeable events; an unforeseen circumstance for complementary works, services, supplies)</p> <p>T40/25: Additional works or services exceeding the limit laid down in the relevant provisions</p> <p>T40/99: Other</p>
T50	State aid	<p>T50/01: Failure to notify State Aid</p> <p>T50/02: Wrong aid scheme applied</p> <p>T50/03: Misapplication of the aid scheme</p> <p>T50/04: Monitoring requirements not fulfilled</p> <p>T50/05: Reference investment not taken into account in the applicable aid scheme</p> <p>T50/06: No consideration of revenue in the applicable aid scheme</p> <p>T50/07: No respect of the incentive effect of the aid</p> <p>T50/08: Aid intensity not respected</p> <p>T50/09: De Minimis threshold exceeded</p> <p>T50/99: Other State aid</p>
T90	Other	T90/99: Other irregularities

Tables CP23 and CP24

The categories used in Tables CP23 and CP24 are built as follows:

- Infringements concerning the request: T11/00, T11/01, T11/99
- Eligibility / Legitimacy of expenditure/measure: T11/02
- Multiple financing: T11/03, T11/04
- Violations/breaches by the operator: T12
- Incorrect, absent, falsified accounts: T13
- Incorrect, missing, false or falsified supporting documents: T14
- Product, species and/or land: T15
- Infringement of contract provisions/rules: T16/00, T16/01, T16/02, T16/03, T16/04, T16/05, T16/06, T16/07, T16/09, T16/10, T16/99
- Movement: T17
- Bankruptcy: T18
- Ethics and integrity: T19
- Infringement of public procurement rules: T40, T16/08
- State aid: T50

ANNEX 13

Analysis of the sensitivity of FDR and IDR

Intervention in agricultural markets and direct payments

In the main body of this Report reference is made to the FDR (Fraud Detection Rate) and the IDR (Irregularity Detection Rate) in relation to '*Intervention in agricultural markets*' and '*direct payments*'.

A part of the irregularities used for these calculations are not referred exclusively to a specific policy measure, because the same case may cover several budget posts referring to different measures. These 'mixed' cases have been included in their full financial amount in all policy measures affected.

FDR and IDR for '*Intervention in agricultural markets*' in Table NR14_a below is calculated on the basis of the amounts of all the irregularities (fraudulent and non fraudulent) where this type of expenditure is involved (considering in full the 'mixed' cases, as explained above). The same applies with reference to FDR and IDR for '*direct payments*'. Table NR14_a shows the outcome of these calculations.

Type of expenditure (1)	Irregularities detected and reported 2014-2018 / Payments 2014-2018		
	FDR	IDR	Total
Intervention in agricultural markets	1.07%	1.37%	2.4%
Direct payments	0.01%	0.07%	0.1%

(1) In some cases, fraud or irregularity concern both 'intervention in agricultural markets' and other measures. In these cases, the total amount of the fraud or irregularity is considered in the FDR or IDR calculation. The same applies to some cases concerning 'direct payments'.

As there are a number of '*intervention of agricultural markets*' cases that concern, at the same time, this type of expenditure and other measures, the total amounts (and the corresponding FDR and IDR) associated to '*intervention in agricultural markets*' are somehow inflated. The same applies with reference to '*direct payments*'.

An analysis is then warranted of how sensitive FDR and IDR are to the presence of these 'mixed' cases. As a first step, an assessment is required of the number of these 'mixed' cases, the nature of the related overlaps and the amounts involved. Fig. NR1-NR3 show the outcome of this assessment, respectively for cases reported as fraudulent, not reported as fraudulent and for all cases together.

Fig. NR1: Irregularities and amounts reported as fraudulent by type of expenditure – 2014-2018

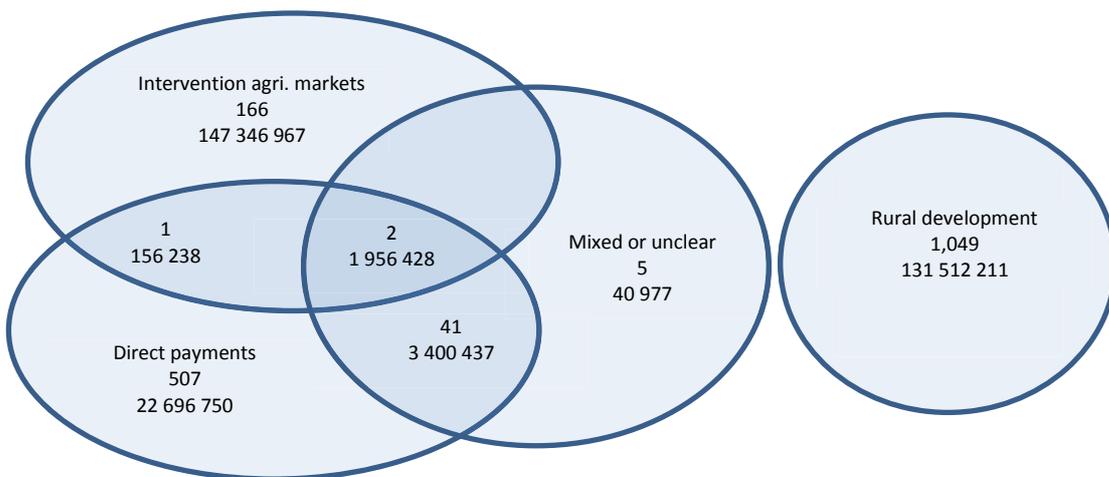


Fig. NR2: Irregularities and amounts not reported as fraudulent by type of expenditure – 2014-2018

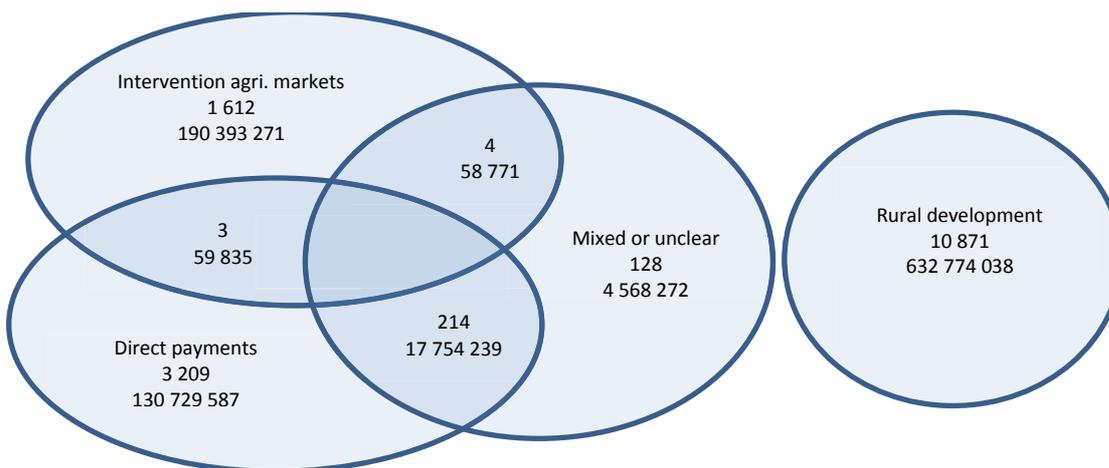


Fig. NR3: Irregularities and amounts reported by type of expenditure – 2014-2018

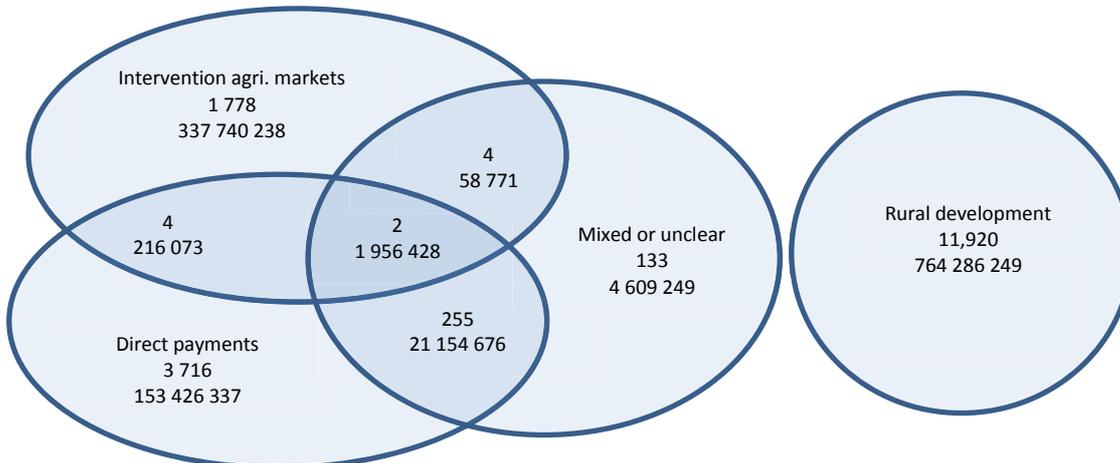


Table NR14_b shows FDR and IDR where, for '*intervention in agricultural markets*', only the amounts related to cases that do not overlap with rural development or direct payments are included in the calculation (i.e.147 346 967, for the FDR). The same applies to '*direct payments*'.

Table NR14_b: FDR and IDR by type of expenditure: detail on direct support to agriculture

Type of expenditure (1)	Irregularities detected and reported 2014-2018 / Payments 2014-2018		
	FDR	IDR	Total
Intervention in agricultural markets	1.06%	1.37%	2.4%
Direct payments	0.01%	0.06%	0.1%

(1) Cases concerning only 'intervention in agricultural markets' (and not also other measures) are considered ('pure' cases). 'Mixed' or unclear cases are left out of this Table. The same applies to 'direct payments' (only 'pure' cases).

Figures in Table NR14_a represent the upper limit of FDR and IDR for '*intervention in agricultural markets*' or '*direct payments*', as they include amounts that are linked to irregularities or fraud related also to other types of expenditure.

Figures in Table NR14_b represent the lower limit of FDR and IDR for '*intervention in agricultural markets*' or '*direct payments*', as they exclude part of the amounts of the 'mixed' cases that could be related to the relevant types of expenditure.¹

As FDR and IDR in Tables NR14_a and NR14_b are similar, it can be concluded that they are not significantly sensitive to this 'mixed' cases issue.

Rural development (RD) and support to agriculture (SA)

FDR and IDR for '*Support to agriculture*' ('SA') is calculated on the basis of the amounts (of the irregularities or fraud) related to cases where only this type of expenditure is involved. The same applies with reference to FDR and IDR for '*Rural development*' ('RD'). Table NR14_c shows the outcome of this calculation.

There are a number of cases that have not been classified as 'pure' 'RD' or 'SA' cases. They are reported as 'mixed' cases (RD/SA) or unclear cases. This implies that the total amounts (and the corresponding FDR and IDR) associated to 'RD' are somehow underestimated. The same applies with reference to 'SA'.

Table NR14_c: FDR and IDR by type of expenditure

Type of expenditure	Irregularities detected and reported 2014-2018 / Payments 2014-2018		
	FDR	IDR	Total
Support to agriculture (SA)	0.08%	0.17%	0.2%
Rural development (RD)	0.23%	1.13%	1.4%
Global ⁽¹⁾	0.11%	0.37%	0.5%

(1) Global also includes cases where fraud or irregularity concern both direct support to agriculture and rural development (SA/RD cases) and unclear cases. Figures referring to the specific type of support do not consider these 'mixed' SA/RD or unclear cases

An analysis is then warranted of how sensitive FDR and IDR are to the presence of these RD/SA 'mixed' cases and of unclear cases. As a first step, an assessment is required of the number of these 'mixed' or unclear cases and the amounts involved. Fig. NR4-NR6 show the outcome of this assessment, respectively for cases reported as fraudulent, not reported as fraudulent and for all cases together.

¹ This analysis takes into consideration the combination of '*intervention in agricultural markets*' (budget line B0502, since 2006 – see above) with '*rural development*' or with '*direct payments*' (budget line B0503, since 2006 – see above). This applied also to 'direct payments'. Nevertheless, there are also cases where '*direct payments*' is combined with other budget codes from years before 2006. Excluding also these cases would lower the indicators further. There are 14 such cases (accounting for EUR 1 118 235) for '*direct payments*'. There are no such cases for '*intervention in agricultural markets*'. So the impact is negligible.

Fig. NR4: Irregularities and amounts reported as fraudulent by type of expenditure – 2014-2018

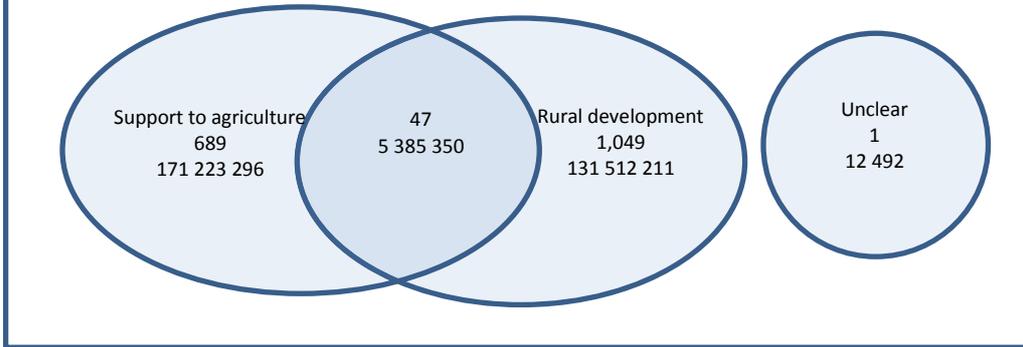


Fig. NR5: Irregularities and amounts not reported as fraudulent by type of expenditure – 2014-2018

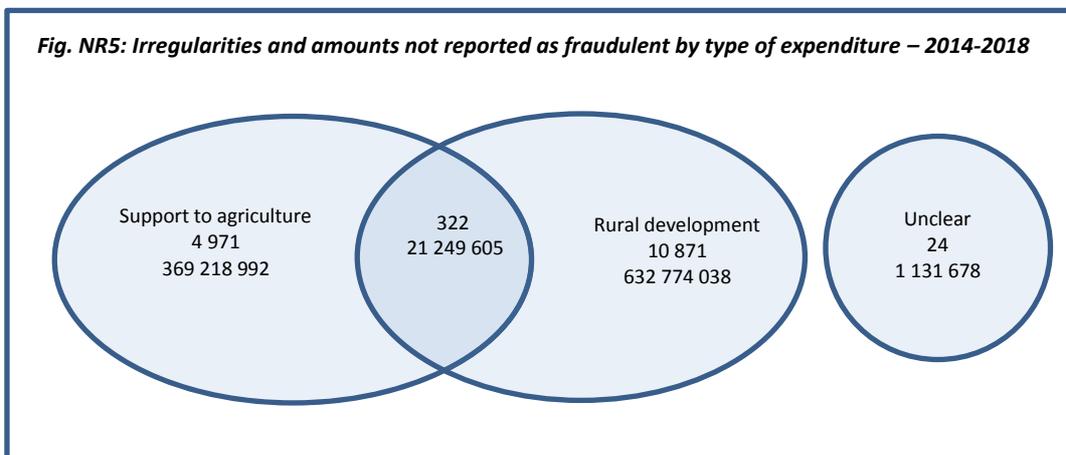


Fig. NR6: Irregularities and amounts reported by type of expenditure – 2014-2018

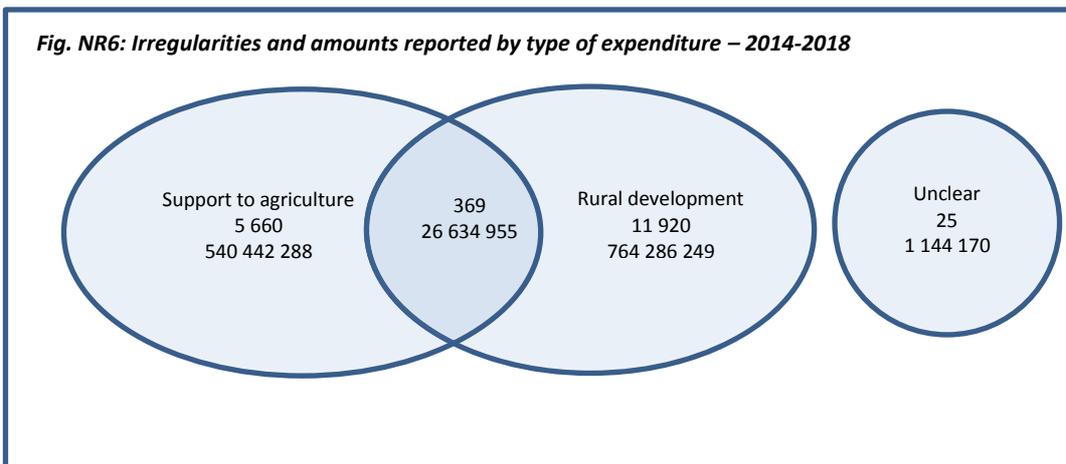


Table NR14_d shows FDR and IDR where 'mixed' and unclear cases are added both for 'rural development' and 'support to agriculture'. In practice, for 'rural development', also all the amounts related to 'mixed' and unclear cases are added to the amounts related to the 'pure' rural development cases (i.e. 5 385 350+12 492 for the FDR). The same applies to 'support to agriculture'. Therefore, FDR and IDR in Table NR13_d are somehow inflated and represent the upper limit.

Table NR14_d: FDR and IDR by type of expenditure

Type of expenditure (1)	Irregularities detected and reported 2014-2018 / Payments 2014-2018		
	FDR	IDR	Total
Support to agriculture (SA) (2)	0.08%	0.18%	0.3%
Rural development (RD) (2)	0.24%	1.17%	1.4%

(1) In some cases, fraud or irregularity concern both direct support to agriculture and rural development (SA/RD cases) or it is not clear to which category (RD or SA) the case belongs. The full financial amounts of these 'mixed' SA/RD or unclear cases are added both to figures referring to 'support to agriculture' and 'rural development' (implying double counting).

As FDR and IDR in Tables NR14_c and NR14_d are similar, it can be concluded that they are not significantly sensitive to this 'mixed' cases issue.

ANNEX 14

Full description of the Themes in Figures CP1-CP4

Priority 'Tourism'

Promotion of natural assets

Protection and development of natural heritage

Other assistance to improve tourist services

Priority 'Environmental protection and risk prevention'

Management of household and industrial waste

Management and distribution of water (drinking water)

Water treatment (waste water)

Air quality

Integrated prevention and pollution control

Mitigation and adaptation to climate change

Rehabilitation of industrial sites and contaminated land

Promotion of biodiversity and nature protection (including Natura 2000)

Risk prevention (including the drafting and implementation of plans and measures to prevent and manage natural and technological risks)

Other measures to preserve the environment and prevent risks

ANNEX 15

Legenda

SA: Support to Agriculture

RD: Rural Development

SA/RD: Support to Agriculture/ Rural Development

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

AMIF: Asylum, Migration and Integration Fund

YEI: Youth Employment Initiative

HRD: pre-accession, Human Resources Development component

IPARD: Instrument for Pre-Accession for Rural Development

PHARE: Pre-accession assistance programme

REGD: pre-accession, Regional Development component

TAIB: Transition Assistance and Institution Building

TIPAA: Turkey Instrument for Pre-accession Assistance

CBC: pre-accession, Cross-Border Cooperation component

Annex 15 -Irregularities reported by Member States and Beneficiary Countries in 2018

The number of irregularities reported measures 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/TYPE OF EXPENDITURE																	REGD	TAIB	
	SA	RD	SA/RD	EFF	EMFF	CF	ERDF	ESF	AMIF	FEAD	ISF	YEI	PHARE	SAPARD	TIPAA	CBC-IPA	HRD			IPARD
AT	2	5	0	0	0	0	0	6	3	0	0	0	0	0	0	0	0	0	0	0
BE	4	7	1	0	0	0	0	8	2	1	0	0	0	0	0	0	0	0	0	0
BG	11	227	0	10	0	6	34	1	0	0	0	0	0	0	0	14	0	0	0	0
CY	0	0	0	0	0	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0
CZ	3	26	0	0	0	61	101	50	0	0	0	2	0	0	0	0	0	0	0	0
DE	26	44	6	0	1	0	37	19	2	0	0	0	0	0	0	0	0	0	0	0
DK	4	9	0	0	10	0	0	2	1	0	0	0	0	0	0	0	0	0	0	0
EE	0	39	0	7	0	7	41	2	0	0	1	0	0	0	0	0	0	0	0	0
ES	143	151	0	0	0	3	34	16	3	3	1	0	0	0	0	0	0	0	0	0
FI	0	13	0	0	3	0	6	6	0	0	0	0	0	0	0	0	0	0	0	0
FR	77	99	0	0	5	0	7	6	0	4	0	0	0	0	0	0	0	0	0	0
GR	21	107	0	0	0	4	13	18	0	0	0	0	0	0	0	1	0	0	0	0
HR	31	23	0	0	0	16	27	2	0	0	0	0	0	0	0	4	0	3	0	0
HU	24	81	0	0	0	3	276	35	0	0	0	1	0	0	0	0	0	0	0	0
IE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IT	346	167	61	0	0	0	162	79	0	0	0	0	0	0	0	0	0	0	0	0
LT	50	94	5	3	0	17	18	4	0	0	0	0	1	0	0	0	0	0	0	0
LU	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LV	1	9	0	0	1	6	1	2	0	0	0	0	0	0	0	0	0	0	0	0
MT	0	2	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
NL	18	13	0	2	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0
PL	23	122	0	5	1	9	398	106	0	0	0	0	0	0	0	0	0	0	0	0
PT	56	354	0	0	0	1	13	24	0	0	0	0	0	0	0	0	0	0	0	0
RO	154	269	0	3	0	29	63	47	0	2	0	0	1	1	0	0	0	0	0	0
SE	0	4	0	0	0	0	2	3	0	0	0	0	0	0	0	0	0	0	0	0
SI	2	20	0	0	0	1	1	2	2	0	1	0	0	0	0	0	0	0	0	0
SK	2	30	7	0	0	41	100	19	0	0	0	0	0	0	0	0	0	0	0	0
UK	26	60	1	0	0	0	103	41	0	0	0	0	0	0	0	0	0	0	0	0
ME	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	1	1
MK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1
RS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	2
TR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	38	61	0	9
TOTAL	1,024	1,976	81	30	21	205	1,457	489	8	8	3	3	1	1	2	22	42	65	1	13

COUNTRIES	Annex 15 - Irregular amounts related to irregularities reported by Member States and Beneficiary Countries in 2018																				
	SA	RD	SA/RD	EFF	EIMFF	CF	ERDF	ESF	AMIF	FEAD	ISF	YEI	PHARE	SAPARE	TIPAA	CBC-IPA	HRD	IPARD	REGD	TAIB	
AT	336,360	313,948	0	0	0	0	472,992	30,333	0	0	0	0	0	0	0	0	0	0	0	0	0
BE	90,880	122,930	24,771	0	0	0	378,324	30,702	13,335	0	0	0	0	0	0	0	0	0	0	0	0
BG	15,435,180	8,149,716	0	185,763	0	4,667,050	4,240,963	124,202	0	0	0	0	0	0	0	74,814	0	0	0	0	0
CY	0	0	0	0	0	11,855	145,498	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CZ	168,782	1,301,886	0	0	0	46,738,424	40,059,347	4,824,618	0	0	0	58,636	0	0	0	0	0	0	0	0	0
DE	739,690	3,992,896	705,493	0	11,014	0	3,754,601	1,160,395	172,012	0	0	0	0	0	0	0	0	0	0	0	0
DK	189,823	291,631	0	0	704,873	0	165,316	25,796	0	0	0	0	0	0	0	0	0	0	0	0	0
EE	0	2,110,135	0	546,520	0	3,111,949	3,337,150	545,908	0	393,798	86,869	0	0	0	0	0	0	0	0	0	0
ES	9,008,853	4,975,430	0	0	0	4,017,613	23,353,194	2,668,977	777,442	33,616	0	0	0	0	0	0	0	0	0	0	0
FI	0	348,716	0	0	88,543	0	1,026,421	208,129	0	0	0	0	0	0	0	0	0	0	0	0	0
FR	7,096,583	1,705,100	0	0	588,979	0	9,408,424	692,356	0	247,795	0	0	0	0	0	0	0	0	0	0	0
GR	407,276	1,370,918	0	0	0	6,505,391	18,789,268	6,821,044	0	0	0	0	0	0	0	12,863	0	0	0	0	0
HR	773,890	1,014,448	0	0	1,192,171	4,906,955	33,291	0	0	0	0	0	0	0	0	10,225	0	93,375	0	0	0
HU	3,018,944	2,702,083	0	0	0	431,381	41,075,322	3,414,815	0	20,721	0	0	0	0	0	0	0	0	0	0	0
IE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IT	19,743,821	29,553,268	7,986,972	0	0	0	71,683,202	2,938,084	0	0	0	0	0	0	0	0	0	0	0	0	0
LT	998,775	3,300,351	78,524	467,547	0	804,039	1,431,686	357,030	0	0	0	17,044	0	0	0	0	0	0	0	0	0
LU	0	39,266	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LV	12,550	451,028	0	0	26,171	949,101	16,939	56,525	0	0	0	0	0	0	0	0	0	0	0	0	0
MT	0	196,018	0	0	0	0	0	15,800	0	0	0	0	0	0	0	0	0	0	0	0	0
NL	600,827	887,786	0	0	0	0	33,497	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PL	22,866,809	5,799,302	0	306,971	356,532	670,302	96,644,075	12,339,871	0	0	0	0	0	0	0	0	0	0	0	0	0
PT	1,802,161	17,088,980	0	0	0	525,441	3,283,845	35,482,306	0	0	0	0	0	0	0	0	0	0	0	0	0
RO	9,624,598	34,169,838	0	982,851	0	4,682,277	60,069,237	5,389,109	0	1,671,625	0	0	23,528	7,852	0	0	0	0	0	0	0
SE	0	244,336	0	0	0	0	146,524	346,058	0	0	0	0	0	0	0	0	0	0	0	0	0
SI	31,023	311,830	0	0	0	1,283,195	591,305	56,404	160,529	0	310,541	0	0	0	0	0	0	0	0	0	0
SK	32,233	2,554,807	346,102	0	0	90,889,526	904,234,445	20,056,599	0	0	0	0	0	0	0	0	0	0	0	0	0
UK	1,016,066	1,112,649	34,755	0	0	0	831,539	1,120,603	0	0	0	0	0	0	0	0	0	0	0	0	0
ME	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,647	0	34,000	0	0
RS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	546,060	1,216,632	8,141,064	0	0	2,146,209
TOTAL	93,995,125	124,109,297	9,176,616	2,489,652	1,776,112	166,479,745	1,290,080,069	98,738,955	1,123,318	2,346,834	418,131	75,680	23,528	7,852	546,060	97,902	1,219,279	8,234,439	34,000	0	2,146,209