



Council of the
European Union

106976/EU XXVII. GP
Eingelangt am 30/06/22

Brussels, 30 June 2022
(OR. en)

10878/22

GAF 12
FIN 738

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	30 June 2022
To:	General Secretariat of the Council
No. Cion doc.:	COM(2022) 318 final
Subject:	Report from the Commission to the European Parliament, the Council and the European Central Bank concerning the implementation and the results of the Pericles IV programme for the protection of the euro against counterfeiting in 2021

Delegations will find attached document COM(2022) 318 final.

Encl.: COM(2022) 318 final



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REPORT FROM THE COMMISSION

**TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN
CENTRAL BANK**

**concerning the implementation and the results of the Pericles IV programme for the
protection of the euro against counterfeiting in 2021**

REPORT FROM THE COMMISSION

TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN CENTRAL BANK

concerning the implementation and the results of the Pericles IV programme for the protection of the euro against counterfeiting in 2021

1. General

The "Pericles IV" programme (hereafter "the Programme") is an exchange, assistance and training programme for the protection of the euro against counterfeiting. It replaces the Pericles 2020 programme that ran during the period 2013-2020, and the Pericles programme that ran during the period 2002-2013. The Programme was established by **Regulation (EU) 2021/840 of the European Parliament and of the Council of 20 May 2021¹**. Its **application was extended to the non-participating Member States by Council Regulation (EU) 2021/1696 of 21 September 2021²**. Regulation (EU) No 2021/840 establishes the duration of the Programme until 31 December 2027. **Article 12(3) of the Regulation** requires the Commission to provide annual information on the results of the Programme to the European Parliament and to the Council. This Annual Report responds to that requirement in relation to the year 2021. The report provides information on the commitments and implementation of the "Pericles IV" programme in 2021, as well as on the implementation in 2021 of actions committed under the previous generation of the programme.

2. Commitments under the Annual Work Programme 2021

The annual budget for the implementation of the Programme for the year 2021 was set at EUR 834 082 and was financed from the budget line 06.030100 of the general budget of the European Union for 2021. A total of EUR 834 082 was committed in 2021, which is 100% of the total budget. The Programme is implemented through co-financed actions (grants) originating from the competent authorities of the Member States and through "Commission actions", organised directly by the Commission. A transfer of EUR 140 106.70 was made from the Commission actions budget to the grants budget in 2021 to further support the implementation of the actions of the Member States.

The implementation of the Programme reflects the commitment of Member States and the Commission to protect the euro against counterfeiting. Discussions of the multi-annual strategy at the meetings of the Euro Counterfeiting Experts Group (ECEG) made it possible to commit 100% of the overall budget in 2021. The Programme committed to funding 9 projects in total³. Altogether, 5 grants were successfully awarded from applications originating from the competent authorities of the Member States. Furthermore, 4 Commission actions were

¹ Regulation (EU) 2021/840 of the European Parliament and of the Council of 20 May 2021 establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the 'Pericles IV' programme), and repealing Regulation (EU) No 331/2014

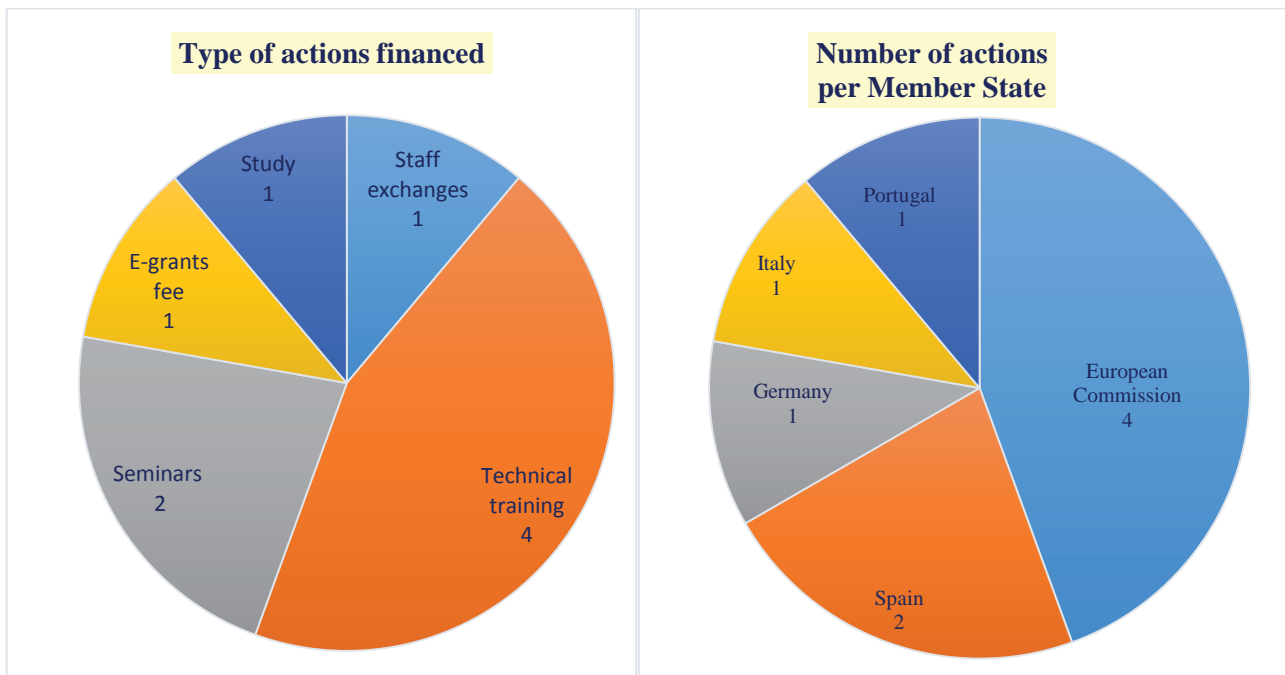
² Council Regulation (EU) 2021/1696 of 21 September 2021 extending to the non-participating Member States the application of Regulation (EU) 2021/840 of the European Parliament and of the Council establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the 'Pericles IV programme')

³ A comprehensive overview of Pericles actions committed to in 2021 can be found in Annex I.

funded, two of which are of an administrative nature, namely the study for the final evaluation of the “Pericles 2020” programme and a commitment to cover the annual costs to use the eGrants tool, a fully electronic (paperless) management system for grants.

The Commission actions were implemented in 2021, while all grants will either be physically implemented in 2022 and later, or will be encouraged to be transformed into virtual actions where possible, subject to epidemiological developments in relation to the COVID-19 pandemic.

Chart I and Chart II: Type of action financed and Number of actions per Member State (actions committed to in 2021, see annex I)



It is noteworthy that Italy, Germany and Spain, the Member States most affected by euro counterfeiting, this year again received Pericles grants. In addition, Portugal has also received grants as part of the programme in 2021. All their efforts enhance the protection of the euro which is beneficial to all other Member States.

The actions for which commitments were made in 2021 consist of 4 technical trainings, 2 conferences, 1 staff exchange, 1 study⁴ and the E-Grants annual fee. The actions are set to take place both inside and outside the EU, depending on the specific needs to protect the euro against counterfeiting. Since its inception, the Programme has consolidated its regional approach by implementing actions involving regions of the world which are particularly important to the fight against counterfeiting.

3. Implementation of actions in 2021⁵

Overview

⁴ The study was conducted by a contractor in 2021 and constitutes the basis for the final evaluation of the “Pericles 2020” programme.

⁵ A comprehensive overview of Pericles actions implemented in 2021 can be found in Annex II.

This section analyses the implementation of all Pericles-funded actions in the calendar year 2021. It therefore includes the implementation of both actions committed under the 2021 “Pericles IV” budget (4 Commission actions), as well as actions committed under previous “Pericles 2020” budgets (6 grants). This underlines the continuity of the programme in terms of its conception and reflects the effectiveness of the Pericles programme to protect the euro against counterfeiting through actions implemented on a yearly basis.

The global COVID-19 pandemic and related social distancing and travel restrictions continued to affect the implementation of the Pericles Programme in 2021. As a result, several actions that were due to take place in physical form were transformed into digital or hybrid actions, thereby maintaining the effective implementation of the programme.

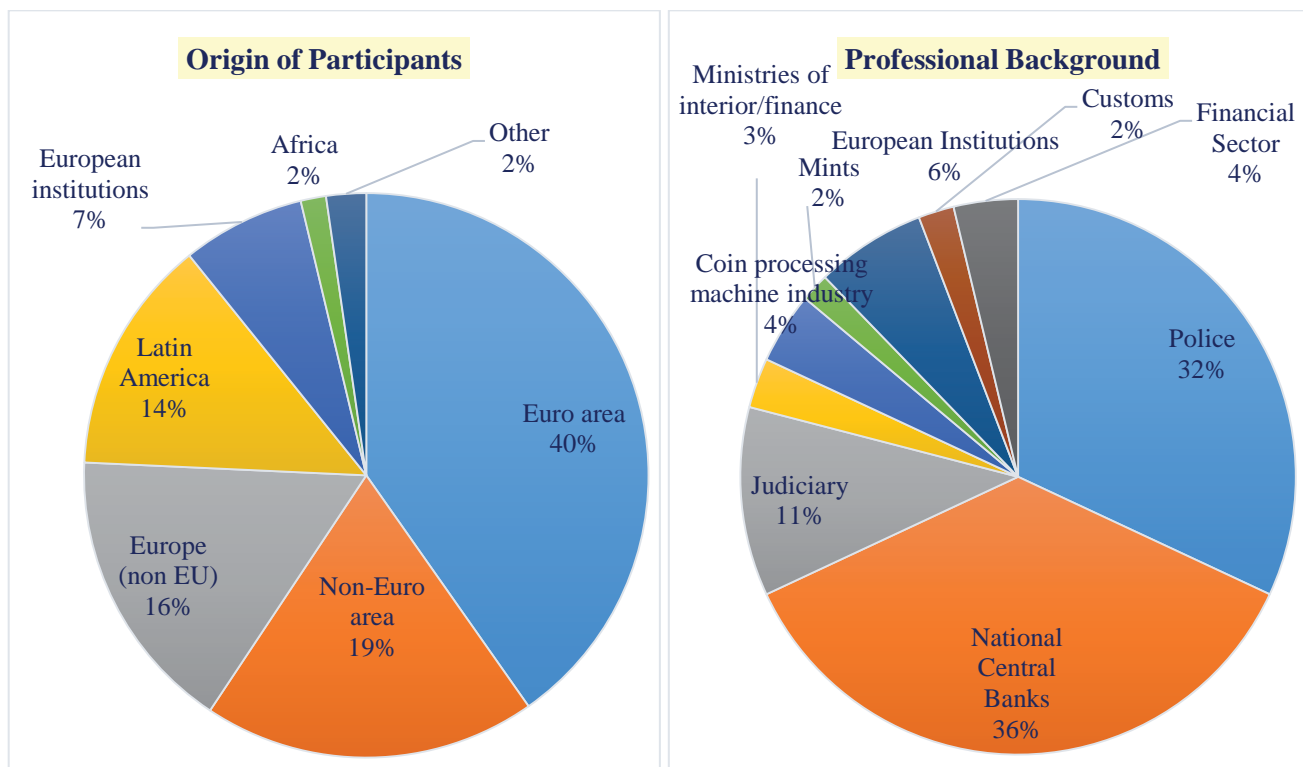
2021 saw the implementation of 10 Pericles-funded actions, including:

- Pericles the full implementation of 4 grant actions by the Member States: these actions were implemented in a physical, digital or hybrid format by Croatia, Spain, Bulgaria and Italy respectively;
- the partial implementation of 2 grant actions by the Member States: these actions were partially implemented in a hybrid format (a digital session took place, whilst a physical conference is yet to take place) by Portugal and the Netherlands respectively;
- the full implementation of 4 procured Commission actions.

The actions above consist of 5 conferences, 2 technical trainings, 1 staff exchange, the study final evaluation of the “Pericles 2020” programme and the eGrants tool maintenance fee (see also section 2 above). An estimated number of 482 experts participated in the aforementioned actions.

Chart III and Chart IV: Origin of participants and Professional background of participants. (actions implemented in 2021, see annex II)⁶

⁶ All data concerns both actions financed under the “Pericles IV” programme as well as actions financed under the Pericles 2020 programme.



In terms of origin, participants come from 54 countries. The majority of trainees (75%) are European participants: 40% come from the euro area Member States, while non-euro area Member States have increased to 19% and non-EU countries in Europe represent 16%; 14% of trainees are from Latin America. Finally, 7% of participants represent the European Institutions, 2% come from Africa and the Middle East and 2% from other regions.

With respect to the professional background of participants, members from police forces represent 32% of the total. That prominent presence is due to the fact that police authorities represent the front line in the fight against euro counterfeiting, and police staff include both investigators and technicians. However, for the first time in the implementation of the Pericles programme, police authorities do not represent the largest group of participants. Instead, other categories of participants account for 68% of the total, with experts from the national central banks representing 36%, thereby forming the largest group of participants. This is due to the fact that several large actions implemented in 2021 focussed on the participation of central banks.

There is also significant participation of members of the judiciary (11%), along with participation of the financial sector (4%), ministries of finance/interior (3%), customs (2%), commercial banks (3%) and mints (2%), reflecting a full range of professional backgrounds of the participants. Finally, the implementation of the Commission action “3rd Platform 1210 meeting” results in a high participation of representatives from the coin processing machine (CPM) industry (4%) for the fifth year, which continues to affirm the private sector as a significant stakeholder in the fight against counterfeiting.

As a result, the implementation of the Programme meets the transnational and multidisciplinary dimensions of the Programme required under Regulation (EU) No 331/2014 with a high degree of diversification.

Highlights of implementation in 2021

The Programme has succeeded in maintaining and further strengthening strong regional international cooperation in South Eastern Europe and Latin America in 2021:

- 2021 saw the implementation of several Pericles actions focussing on encouraging and maintaining strong cooperation among the competent national authorities in South Eastern Europe. This included a staff exchange organised by the Italian Comando Carabinieri Antifalsificazione Monetaria (CCAFM) and a conference organised by the Bulgarian Public Prosecutor's office, the latter establishing and maintaining judicial cooperation with countries in the Eastern Balkan and Black Sea region, including Turkey, Moldova and Ukraine. Furthermore, the '4th Balkan Network Conference' organised by the Croatian National Bank brought together participants from national and commercial banks in the region, and supported the functioning and information exchange of an early alert system among the countries involved. Finally, the Commission implemented a digital "Pristina-Tirana" technical training on coin analysis and classification.
- The Spanish Brigada de Investigación del Banco de España (BIBE) organised the 'Training course on money counterfeiting for experts from Latin American countries', which brought together the authorities of 13 Latin American countries in Montevideo, Uruguay in 2021, promoting measures to protect the euro against counterfeiting in Latin American countries that are potentially susceptible to it. This action supported the establishment and functioning of National Central Offices (NCO) for currency counterfeiting in the participating countries. Based on a previous training of the same format, Argentina established such an NCO.

4. Monitoring of the quantitative and qualitative indicators

Art. 12(2) Regulation (EU) 2021/840 states that this report should take into account the quantitative and qualitative indicators of the "Pericles IV" programme. The annual data on these indicators is the following:

1. **Number of counterfeit euros detected (banknotes: 347 000 in 2021 / coins: 195 082 in 2021):** The target for this indicator is to keep the number of counterfeit euros detected (banknotes and coins) under control within the range of +/- 5% compared to average 2014-2020 (671 000/174 112). While the number of coins is close to the reference limit (+/- 5% representing the target), the number of counterfeit banknotes is lower than expected. The latter could be explained by external factors such as the possible impact on counterfeit notes circulation of restrictions due to the pandemic.
2. **Number of illegal workshops dismantled (11 in 2021):** The target for the number of illegal workshops dismantled is to keep number under control in an average +/- 10% compared to 2019 (22). The number of illegal workshops dismantled in 2021 is lower than expected. This could be explained by external factors such as the possible impact on operations of restrictions due to the pandemic.
3. **Number of unique competent authorities applying to the Programme (5 in 2021):** This indicator aims to measure the interest of competent national authorities in the programme. The milestone for 2024 is 12 and the target for 2027 is 24. The fact that the number of unique applicants reached in the first year almost 50% of the milestone

for 2024 is in line with expectations and reflects the fact that this is the first year of a new programme.

4. **Satisfaction rate of participants in the actions financed by the programme (98.4% in 2021):** This indicator measures the quality of the trainings as perceived by its participants. The target is 75%. The percentage of positive feedback is higher than the target.
5. **Feedback of participants that have already taken part in previous Pericles actions on the impact of the Programme on their activities in protecting the euro against counterfeiting (95.83% in 2021):** This indicator measures the sustainability of the programme's actions. The target is 75%. The percentage of positive feedback is higher than the target.

5. Conclusions and way forward

The "Pericles IV" programme, like its predecessor, continues to be an important and efficient tool in the fight against counterfeiting. The Programme forms the basis for the support of studies, maintaining and developing cooperation, and exchanging best practices among all actors involved in the fight against euro counterfeiting. This is also supported by the fact that in 2021 100% of the overall budget was committed, reflecting the interest of Member States in the programme.

The Commission constantly disseminates the results of the actions supported under the Programme to the experts of the Euro Counterfeit Experts Group (ECEG). In 2021, 3 ECEG meetings took place. The Programme shows a high degree of consistency and complementarity with other relevant programmes and actions at Union level because it is dedicated exclusively to and focusing on preventing and fighting a specific form of organised crime, namely euro counterfeiting. This complementarity appears clear with respect to DG NEAR's *Technical Assistance and Information Exchange (TAIEX)* instrument, that is most often used in support of accession negotiations, and DG HOME's Internal Security Fund - Police⁷, which covers the prevention and combating of crime in general. Following the inclusion of forgery of money as one of the priorities in the Operational Action Plan of EMPACT⁸, the Commission is closely coordinating with the EMPACT driver in order to maximise the complementarity between the two sources of financing.

The Commission is finalising the report to the European Parliament and the Council on the final evaluation of the 2020 programme as per article 13(6) of Regulation (EU) No 331/2014. Based on the results of the implementation of the Programme and the continuous analysis of emerging threats discussed in the ECEG, the priorities for 2022 are the following⁹:

⁷ Regulation (EU) No 513/2014 of the European Parliament and of the Council of 16 April 2014 establishing, as part of the Internal Security Fund, the instrument for financial support for police cooperation, preventing and combating crime, and crisis management and repealing Council Decision 2007/125/JHA (OJ L 150, 20.5.2014, p. 93).

⁸ EMPACT (European Multidisciplinary Platform Against Criminal Threats) is a security initiative driven by EU Member States to identify, prioritise and address threats posed by organised and serious international crime. In 2021, EMPACT became a permanent instrument, as set in the Council conclusions on the permanent continuation of the EU Policy Cycle for organised and serious international crime. Bulgaria is the driver Member State for the EMPACT priority covering "Intellectual Property Crime, Counterfeiting of Goods and Currencies".

⁹ The priorities of the Programme for 2021 are an essential part of the Annual Work Programme, which is annexed to COMMISSION DECISION of 28.1.2022 on the financing of the "Pericles IV" programme and the adoption of the annual work programme for 2022, C(2022) 406 final.

- Supporting activities aimed at improving cooperation among those Member States which are particularly affected by the production and distribution of counterfeits;
- Fostering cooperation with authorities of those third countries where there is suspicion of or evidence for counterfeit euro production;
- Maintaining an efficient framework for the protection of the euro in South Eastern Europe;
- Topical developments:
 - distribution of counterfeits and high quality components on the darknet, and ‘movie money’ and ‘prop copy’ products online (including altered design notes);
 - Euro coins: Implementation of Regulation (EU) No 1210/2010 concerning authentication of euro coins and handling of euro coins unfit for circulation and security features of euro coins;
 - support for the establishment / reinforcement of national central offices (NCOs).