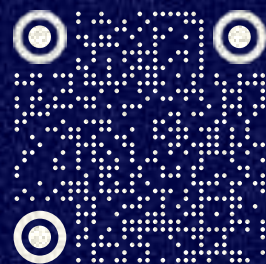


# OLAF Report 2022





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[http://ec.europa.eu/anti-fraud/olaf-and-you/report-fraud\\_en](http://ec.europa.eu/anti-fraud/olaf-and-you/report-fraud_en)



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Disclaimer

OLAF's report features case studies for illustrative purposes only. The fact that OLAF presents these case studies does not prejudice the outcome of any judicial proceedings, nor does it imply that any particular individuals are guilty of any wrongdoing



# Foreword

I am pleased to submit the latest edition of the annual report of the European Anti-Fraud Office (OLAF) covering the period 1 January to 31 December 2022.

2022 marked the year when hundreds of billions from the Recovery and Resilience Facility started to be disbursed to help Member States recover from the pandemic. OLAF disseminated a risk framework for the Recovery and Resilience Facility and provided over 50 fraud awareness-training sessions to Commission Departments, Agencies and others, including Member States authorities.

The year 2022 also marked Russia's illegal, brutal invasion of Ukraine. OLAF has a long-standing cooperation with the Ukrainian authorities on both the expenditure and revenue sides of the EU budget. Since the beginning of the war, we have supported the Ukrainian anti-fraud authorities to ensure better protection of current and future EU funding.

2022 was also the year of the striking “Qatargate” scandal that rocked the European Parliament. This scandal revealed once again the crucial importance of ethics, integrity, transparency, trustworthiness, and accountability in public institutions, of following the rules, and of protecting those who report wrongdoing.

Integrity and trustworthiness are the core of what we in OLAF work to protect. It's not only just saying the right things, but doing the right things.

OLAF's unique mandate covers serious misconduct by EU staff and members of European institutions, and we will continue our work investigating in the institutions to uphold transparency and accountability. Our role as an external investigative office is crucial to regain the trust of EU citizens.

Despite these significant challenges, OLAF continued its strong investigative performance. We concluded 256 investigations, issued 275 recommendations to the relevant national and EU authorities. OLAF investigations uncovered over €600 million affected by fraud and irregularities: we recommended the recovery of €426.8 million to the EU budget and prevented the loss of €197.9 million from the EU budget. We opened 192 new investigations and reported 71 cases involving possible criminal offences to the European Public Prosecutor's Office (EPPO), 16 of which on behalf of the European Commission. And we helped protect EU citizens by working with national authorities to seize 531 million illicit cigarettes and 14.7 million litres of illicit wine, beer and spirits.

The OLAF annual report 2022 provides an overview of our investigative results and related OLAF activities regarding fraud and corruption and discusses various fraudulent schemes that include collusion, manipulation of procurement procedures, conflicts of interest, inflated invoices, evasion of customs duties, smuggling and counterfeiting.



Cases in the annual report highlight the broad scope of OLAF's work and relate to cross-border fraud, fraud and irregularities in public procurement, fraud in an archaeological site, subsidy fraud and tender manipulation, breach of fellowship obligations, breach of public procurement rules by a public administration, nepotism and misappropriation of EU funds, joint-customs operations, and fictitious employment and unauthorised outside activities.

Importantly, this annual report also provides examples of good cooperation between OLAF, its partners in the Member States and third countries, and demonstrates how sharing critical, accurate, complete and timely information results in successful investigative results.

None of the achievements noted in the report would have been possible without the work performed by the OLAF staff, our most valuable asset. Therefore, I take this opportunity to express my deep appreciation to all my OLAF colleagues for their professionalism, hard work, commitment, motivation, and dedication.

Ville Itälä

Director-General of OLAF

# Mission and mandate

## Mission

Established in 1999, the European Anti-Fraud Office (OLAF) mission is to detect, investigate and protect the European Union Budget.

## Mandate

Conducting independent investigations into fraud and corruption involving EU funds to ensure that EU taxpayers' money reaches projects;

Investigating serious misconduct by EU staff and members of the EU institutions, thus contributing to strengthening citizens' trust in the EU institutions;

Developing EU policies to counter fraud.

## Competences

OLAF investigates matters relating to fraud, corruption and other illegal activities affecting EU financial interests and concerning:

All EU expenditure – the main spending categories are European Structural and Investment Funds, agriculture and rural development funds, direct expenditure and external aid;

Some areas of EU revenue, such as money from customs duties or value added tax (VAT).

OLAF is also in charge of implementing Council Regulation (EC) No 515/97 setting out how national authorities must cooperate with each other and with the European Commission to implement EU customs and agricultural legislation.

## What we do

OLAF's investigative work involves:

Assessing incoming information of potential investigative interest to determine whether there are sufficient grounds for OLAF to open an investigation;

Conducting administrative anti-fraud investigations, where appropriate in cooperation with national criminal or administrative investigative authorities and with EU and international bodies;

Supporting the anti-fraud investigations of national authorities and the European Public Prosecutor's Office;

Coordinating the actions of national authorities and sharing knowledge on fraud with its partners in order to prevent losses and protect health and safety;

Recommending actions that should be taken by the relevant EU or national authorities;

Monitoring the actions taken by these authorities, in order to assess the impact of OLAF's work on the fight against fraud and better tailor the support that OLAF provides to national authorities.



# Main trends

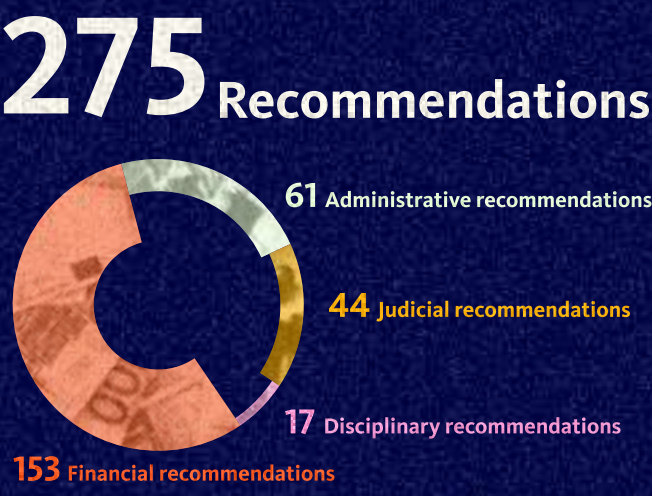
The main trends in fraud in 2022 were mostly those observed over past years with some increases in frauds taking place digitally. OLAF investigated allegations and instances of collusion, manipulation of procurement procedures, conflicts of interest, inflated invoices, evasion of customs duties, smuggling and counterfeiting.

During the COVID-19 pandemic people carried out many aspects of their lives digitally, from shopping to communication, and as the world became more digital, so too did the fraud. Increasing fraudulent activities were carried online and in multiple jurisdictions. This has posed new challenges for OLAF investigators and analysts alike, in tracking down key pieces of data and finding ways to deal with work across boundaries to build a bigger picture of the fraudulent organisations.

2022 marked the year when hundreds of billions from the Recovery and Resilience Facility funding were disbursed to help Member States recover from the pandemic. OLAF provided continuous support and advice to national authorities putting a special accent on the early detection of irregularities due to the new ways in which the money was distributed and accounted for, as well as the large amounts on offer. As the billions started to flow, OLAF started to investigate first cases into expenditure fraud related to RRF funds.

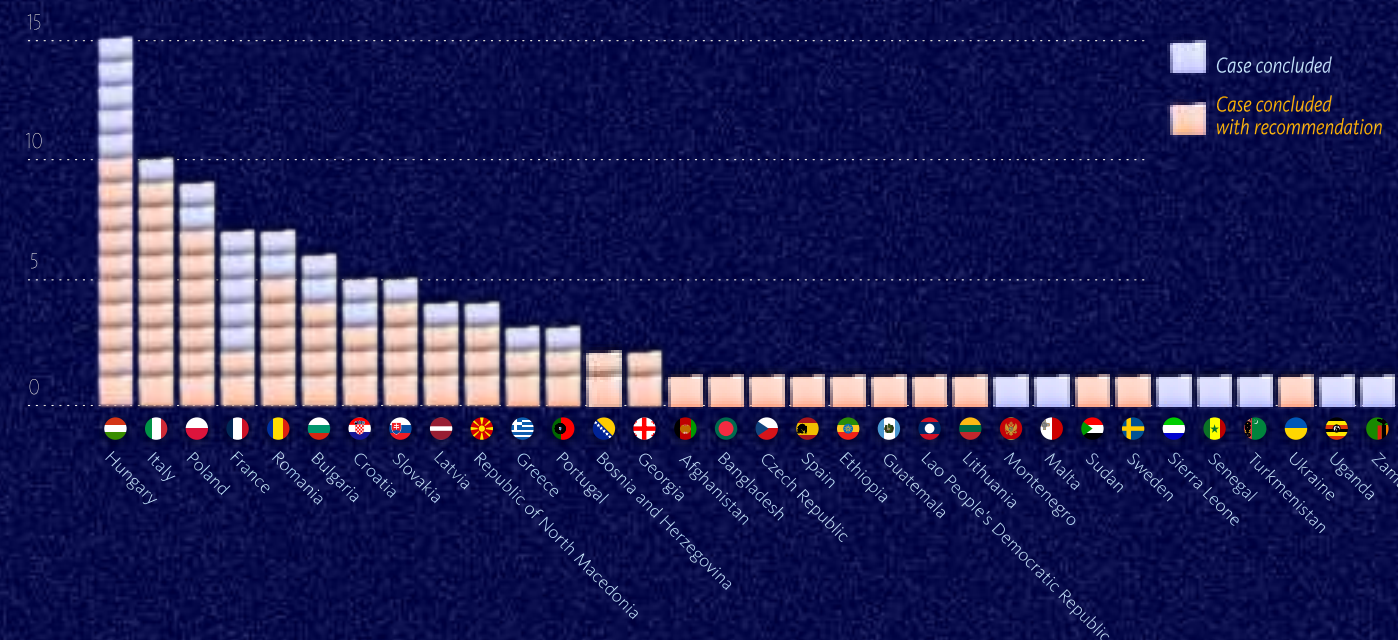
The year also witnessed the illegal invasion of Ukraine by Russia. OLAF has had a long-standing cooperation with the Ukrainian authorities both on the expenditure side of the EU budget and on the revenue side (customs cooperation). Since the beginning of the war, OLAF has supported Ukraine's anti-fraud authorities to strengthen and improve the country's structures to deal with fraud and corruption and to protect current and future EU funding. This partnership continues in 2023. OLAF has also played an important role in identifying possible evasion of EU sanctions against Russia and Belarus following the invasion.

As in previous years, tackling smuggling was another of OLAF's core activities in 2022. During the year, OLAF took part in operations in the EU and around the world to prevent the smuggling of cigarettes, illicit alcohol, fake medicines, as well as counterfeit and potentially dangerous toys and ball bearings.

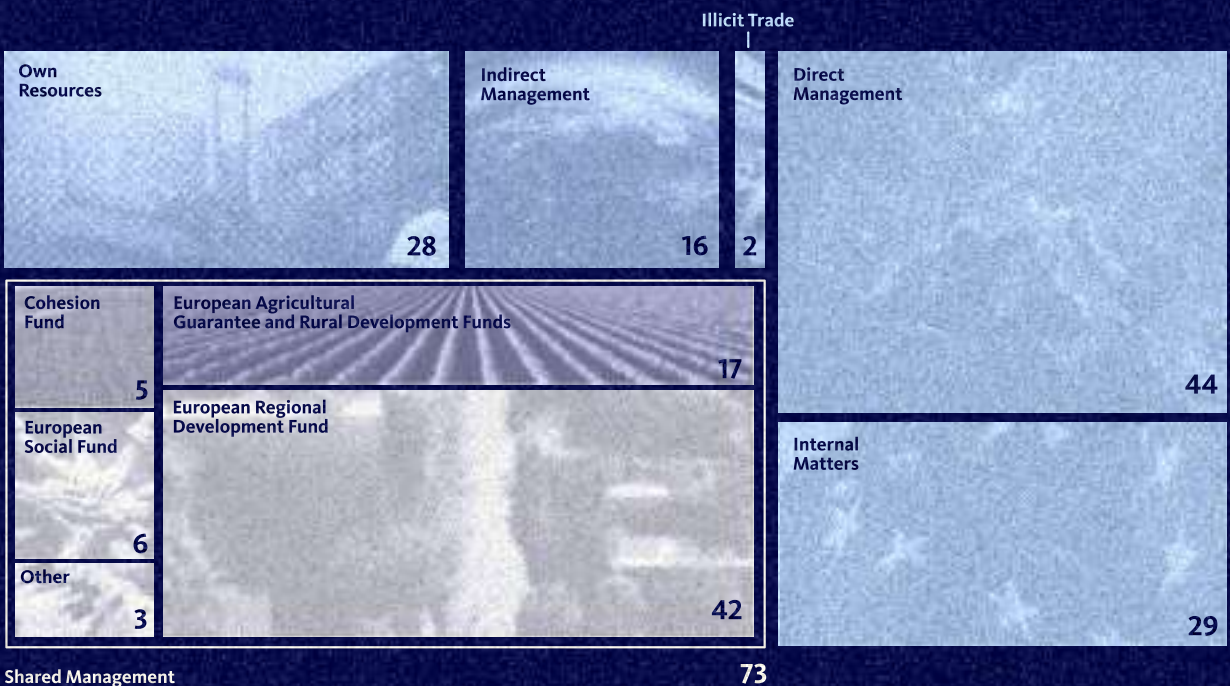


# Investigative activity

OLAF had a strong investigative performance in 2022, which saw analysts and investigators work across the EU and beyond to help detect and prevent fraud and protect the EU budget, institutions and citizens.



Investigations into the use of EU funds managed or spent in whole or in part at national or regional level concluded in 2022



Investigations opened by main investigation area in 2022



# Protecting EU Funds

The EU's expenditure budget runs to hundreds of billions for spending programmes under direct, indirect and shared management. Much of that budget is distributed to Member States in the form of grants and loans. OLAF's primary role is to protect this funding from irregularities and making sure it does not fall into the hands of fraudsters. Fraudulent attempts on these funds are known as expenditure fraud (as they are targeting EU expenditure). Agriculture and cohesion policy traditionally account for the largest share of the EU budget. Alas, this funding is also a common target for swindlers. What follows is a selection of cases which OLAF investigated relating to irregularities and attempts to defraud such funding. One particular case that OLAF completed in 2022 related to a waste management project in Hungary.

## Irregularities found in an EU funded waste management project

OLAF was alerted to a series of irregularities linked to four projects, which had received generous EU funding. The projects in question aimed to improve efficiency and environmental impact of an existing waste management plant in Hungary.

However, OLAF, working closely with the Hungarian authorities, discovered a list of problems related to the projects such as basic planning and design errors. These errors and mismanagement led to a breach of project objectives and targets, which resulted in lower-than-expected environmental benefits, including a terrible smell which plagued nearby residents. In addition, the site also became unsafe with several fires breaking out. One such fire eventually destroyed all the projects.

Following the investigation, OLAF recommended the recovery of €11 million and issued an administrative recommendation to tighten up on checks to make sure that EU funded schemes actually met the targets that they had been set.

**€11 000 000**  
recommended  
for recovery



## Georgia on OLAF's mind

OLAF carried out an investigation into an allegation of fraud and irregularities linked to a major road project in Georgia, the funding of which came from the EIB (€220 million) and €10 million from the European Commission (Neighbourhood Investment Facility).

In cooperation with the EIB's Investigation Division and the Office of the Prosecutor General of Georgia, OLAF identified a conflict of interest of one individual who had been contracted by a national Ministry to advise on the construction project.

OLAF found that the person in question, a member of an engineering consortium, had recommended a company linked to a Chinese contractor to provide expert advice suggesting changes in the design of the highway, from which the contractor benefitted.

OLAF also found that the Chinese contractor employed Ministry officials who had been previously involved in the planning and oversight of the construction project.

The investigation was concluded with financial recommendations to the European Commission and the EIB to recover over EUR 10 million representing the total costs paid in respect of the services contract signed with the Engineering Consortium.

**€10 000 000**  
recommended  
for recovery



**€97 800 000**  
millions prevented  
from being  
unduly spent



## Highway to fraud

The following case is an example of where OLAF managed to identify a fraud before it began in earnest, thus preventing the misuse of EU funds.

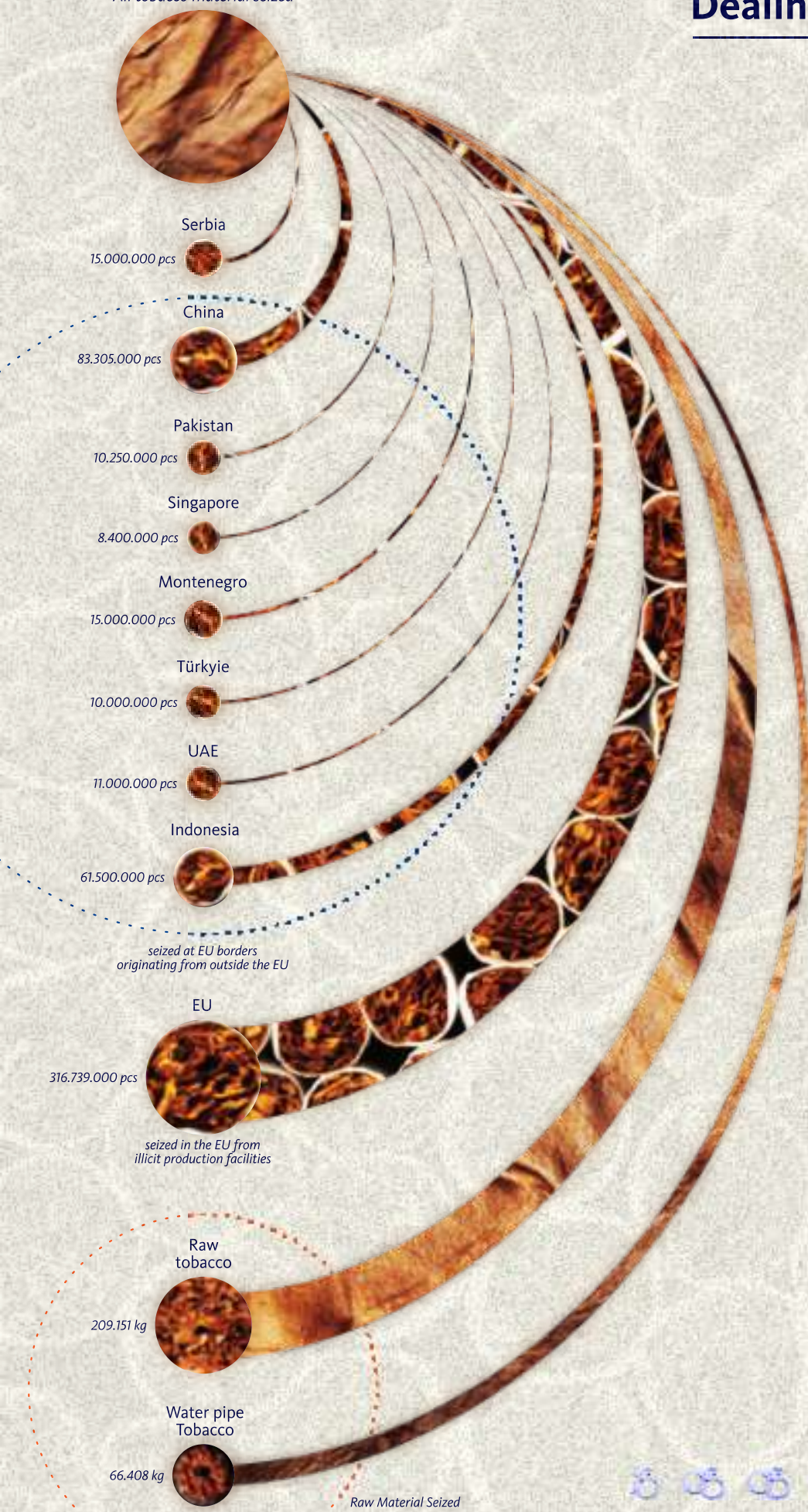
The case in question surrounded allegations linked to the tendering phase of the construction of a highway in Bosnia and Herzegovina. OLAF and colleagues from the European Investment Bank (EIB), which was funding the project with a €200 million loan, investigated the claims and identified multiple irregularities.

The investigation confirmed the allegations of fraud. It proved that some members of the management of the operator in charge of the construction exerted undue influence on the members of the tender evaluation committee to exclude one bidder from the process and select a preferred bidder, thus effectively preventing a fair and transparent tender competition. OLAF also proved that both the rules set out in the Finance Contract between the EIB and the candidate country and the EIB Guidelines on procurement procedures were breached.

Thanks to the investigation, which was completed in less than one year, the practices were spotted and stopped before they really got going, thereby preventing €97.8 million from being unduly spent.



All tobacco material seized



Dealing with smuggling

## Dealing with smuggling

Preventing cigarette and tobacco smuggling has been one of OLAF's core activities for many years.

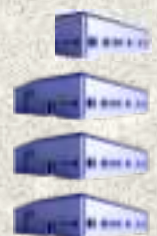
In 2022, OLAF's operations led to seizures of over 531 million illicit cigarettes, including 199 million cigarettes smuggled into the EU, 199 million cigarettes confiscated at the EU borders and 317 million cigarettes produced illegally at sites across the EU. Moreover, information uncovered by OLAF led to the confiscation of 209 tonnes of raw tobacco destined for the illicit production of cigarettes. OLAF played an instrumental role in identifying and closing down over 10 factories, which produced counterfeit cigarettes in the EU. All in all, 77 smugglers were arrested during the year and over 15 illicit cigarette producing factories were dismantled.

These seizures prevented an estimated €153 million in lost revenue in the EU.

In 2022, OLAF also continued to be active on water pipe tobacco smuggling and identified suspicious consignments of over 66 tonnes. One such case spanned the European continent from Türkiye to Scandinavia.

17

Factories closed



77



## Having a say in what we eat and drink

Over the last years, OLAF worked intensely on cases targeting counterfeit and substandard wine, sparkling wine, whisky and vodka. The exchange of intelligence and actions taken by OLAF in coordination with national authorities from the EU Member States and third countries led to many positive results, including the following



339 696

bottles of counterfeit rum seized in the EU and Honduras

421 000

bottles of counterfeit wine of several brands seized in the EU and Moldova

521  
liters of counterfeit  
Prosecco seized in the EU

1 Factory dismantled



### No money for fake honey

Honey naturally contains sugar and according to EU legislation, must remain pure meaning that it cannot have ingredients added to it. Adulteration occurs when ingredients such as water or inexpensive sugar syrups are artificially added to increase the volume of honey. However, there was a suspicion that a high percentage of honey that is imported into the EU is adulterated.

Therefore, in 2022 the Commission launched an operation to ascertain if that theory was true and OLAF provided investigative support to the operation. National authorities collected 320 samples at border entry points, of which 46% were found to be possibly adulterated. To date, 44 operators have been investigated, many of them thanks to OLAF. OLAF's investigation detected various types of potential fraud besides adulteration.

Learn more about Operation "From the Hives" on the European Commission AV portal.



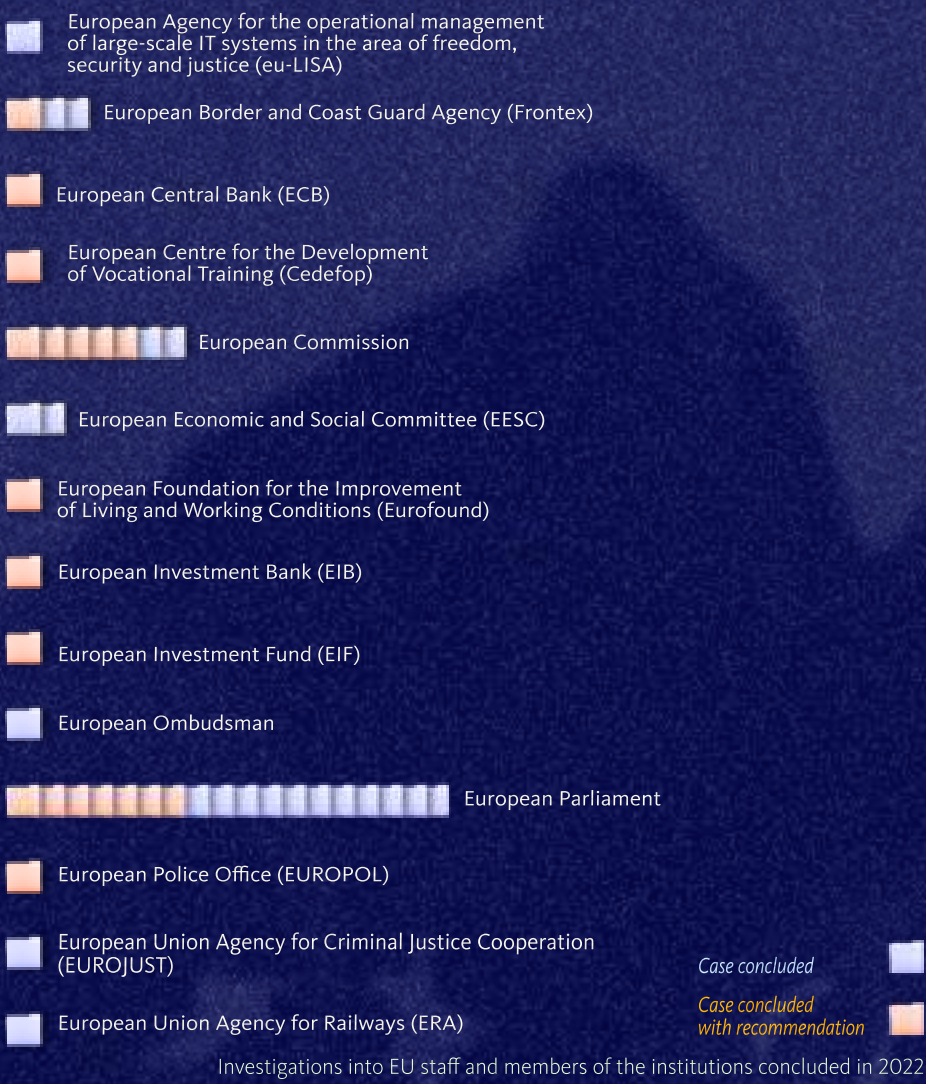


Investigating within the EU institutions

OLAF has a unique mandate to carry out independent internal investigations into allegations of misconduct by staff and members of any EU institution, body, office or agency.

Cases investigated by OLAF tend to follow roughly the same patterns. These can include false declarations of expenses or other statements, especially in relation to allowances, undeclared external activities, harassment, or other inappropriate conduct in the workplace.

One such case in 2022 concerns the questionable activities of three Accredited Parliamentary Assistants in the European Parliament.



“Multitasking” Accredited Parliamentary Assistants

OLAF concluded an internal case concerning suspicions of fraud and other irregularities concerning three Accredited Parliamentary Assistants working for the same Member of the European Parliament (MEP). The investigation centred on instances of undeclared paid external activities, unjustified absences from work, undue payment of allowances, and reimbursement of travel costs for missions.

Following the investigation, OLAF established that two of the assistants were unduly absent from their workplace without any formal authorisation from either the European Parliament or their MEP. It was also revealed that two of the assistants were engaged in outside activities without obtaining the required prior permission of their Appointing Authority (the Parliament). OLAF further established that the assistants

received payments from the European Parliament and reimbursed travel costs in relation to missions, which they did not perform, or which had no professional justification as they were not related to their statutory tasks. It turned out that the MEP failed to regularly monitor or perform any due diligence on the way the office budget was used to fund the missions of his assistants.

OLAF also confirmed that on occasion the MEP would ask one of the assistants to perform tasks linked to their personal life and not to their parliamentary mandate.

The investigation concluded with OLAF recommending that the European Parliament recover an overall amount of around €275 000 and take disciplinary action against those concerned.

Policing sanctioned goods

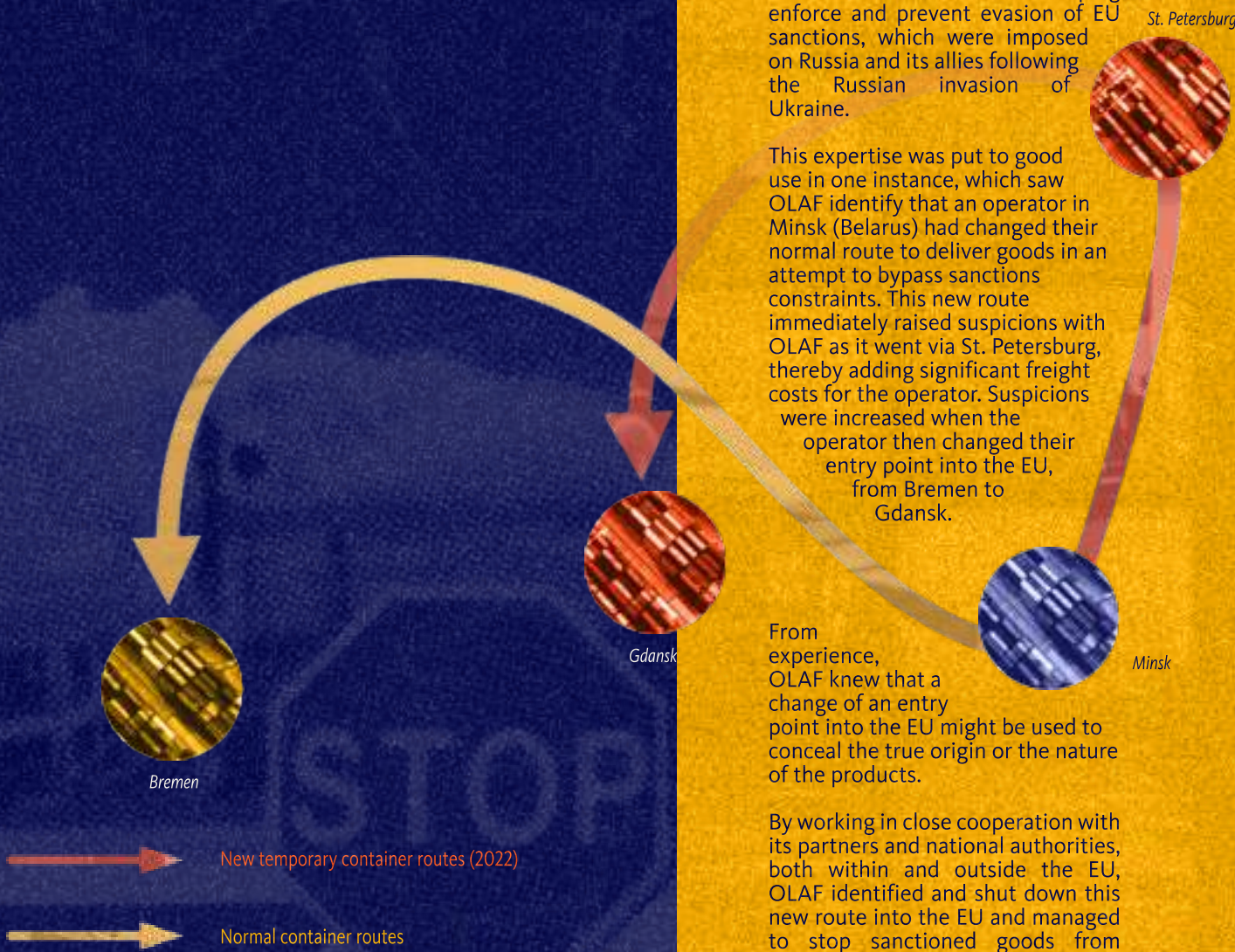
OLAF possesses extensive expertise in data analysis, examining patterns of trade, unusual movements of goods and other irregular behaviour of individual operators, which allows the Office to be proactive and react quickly to new and emerging fraudulent threats. OLAF has stepped up to work with Member States and third countries to helping enforce and prevent evasion of EU sanctions, which were imposed on Russia and its allies following the Russian invasion of Ukraine.

This expertise was put to good use in one instance, which saw OLAF identify that an operator in Minsk (Belarus) had changed their normal route to deliver goods in an attempt to bypass sanctions constraints. This new route immediately raised suspicions with OLAF as it went via St. Petersburg, thereby adding significant freight costs for the operator. Suspicions were increased when the operator then changed their entry point into the EU, from Bremen to Gdansk.

From experience, OLAF knew that a change of an entry point into the EU might be used to conceal the true origin or the nature of the products.

By working in close cooperation with its partners and national authorities, both within and outside the EU, OLAF identified and shut down this new route into the EU and managed to stop sanctioned goods from entering the EU.

OLAF's work continues in this area and the Office has already opened several cases where it either coordinates operational activities or carries out investigative activities. OLAF has also been closely monitoring the situation of EU exports of prohibited goods.





# Impact of OLAF investigations

When OLAF concludes an investigation, it issues recommendations to the competent national and European authorities to take action to redress fraud, corruption or other illegal activities uncovered by the investigation. OLAF's recommendations are intended to protect the EU budget and to uphold the rule of law. They help ensure that OLAF's investigations act as a deterrent to potential fraudsters.

These recommendations take several forms namely: financial, judicial, disciplinary, and administrative.

**Financial recommendations** invite relevant authorities to recover amounts that were unduly spent from the EU budget as a result of fraud or other irregularities. In terms of customs this recommendation relates to the customs duty that was not paid.

**Judicial recommendations** invite a Member State's judicial authorities to start criminal prosecution.

**Disciplinary recommendations** aim to sanction wrongdoing by EU staff or Members of EU institutions, bodies, offices or agencies.

**Administrative recommendations** aim at administrative measures different than, or going beyond, financial recovery or disciplinary action.

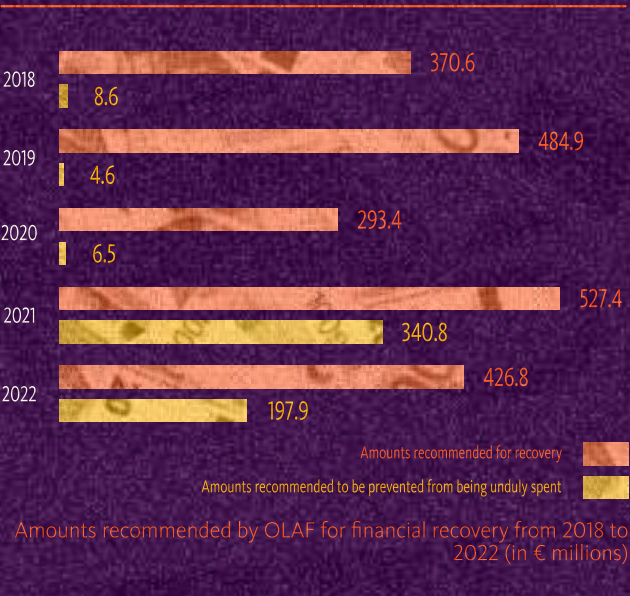
While OLAF has no powers to enforce its recommendations, recipients are obliged to report to OLAF on the action taken. OLAF systematically monitors that feedback to help measure the success of OLAF's investigations, to evaluate the work of OLAF's partners and, most importantly, to highlight areas for improvement.

In order to reinforce the follow-up of its recommendations, OLAF conducted two stocktaking exercises, in cooperation with the Commission's Directorate-General for Budget (DG BUDG). These exercises looked at how around 1700 financial (issued between 2012 and 2020) and approximately 200 administrative recommendations (issued between 2016 and 2020) were followed up. In addition to this, OLAF continues to monitor the implementation of its recommendations in annual monitoring cycles.

# Financial impact

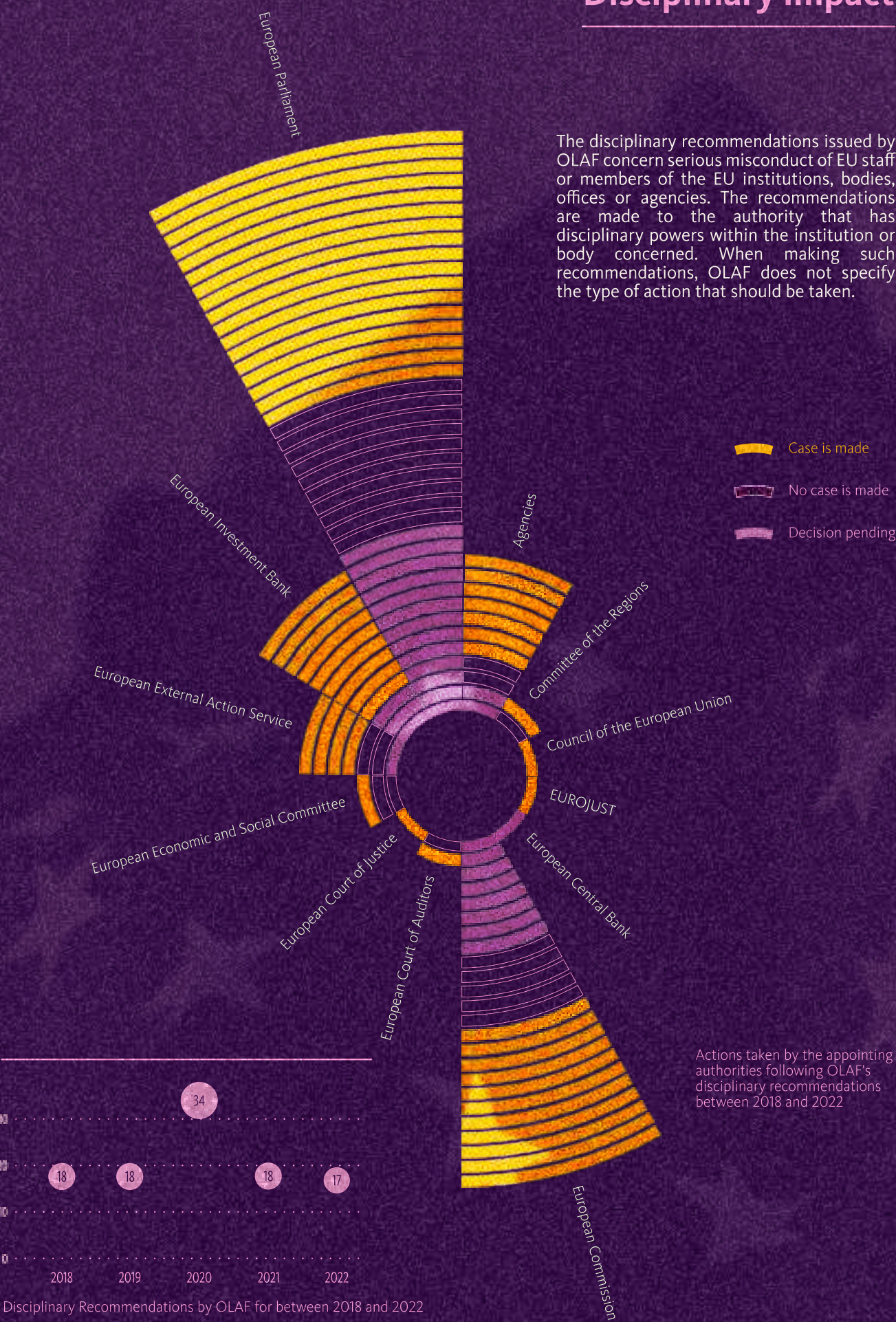
The sum recommended by OLAF for recovery each year depends on the scope and scale of the investigations concluded in that particular year. The amounts recommended for recovery are therefore not an indication of the overall level of fraud in Europe, instead they relate to specific investigations finalised by OLAF in that year.

Key to an effective implementation of OLAF's financial recommendations is close cooperation with spending services, especially with Commission departments and executive agencies.



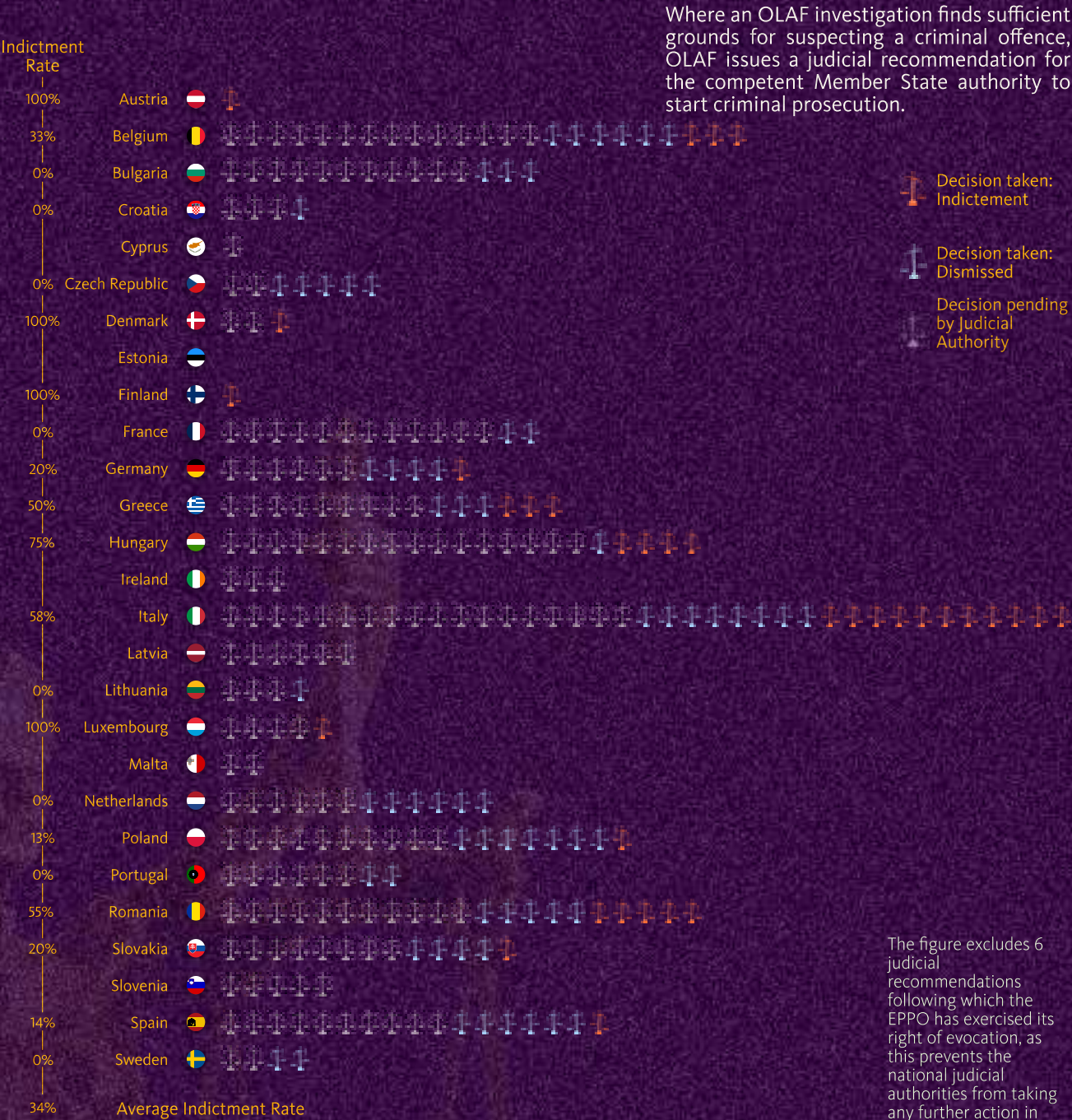
# Disciplinary impact

The disciplinary recommendations issued by OLAF concern serious misconduct of EU staff or members of the EU institutions, bodies, offices or agencies. The recommendations are made to the authority that has disciplinary powers within the institution or body concerned. When making such recommendations, OLAF does not specify the type of action that should be taken.

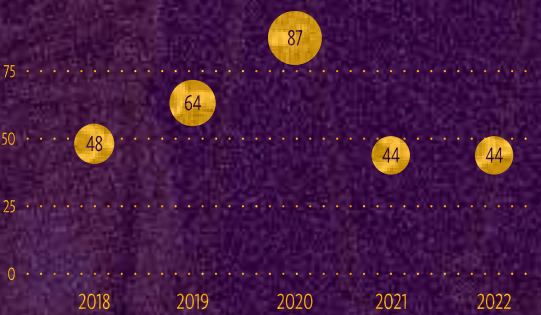




Judicial impact



Actions taken by national judicial authorities following OLAF's recommendations issued between 1 January 2018 and 31 December 2022



Judiciary Recommendations by OLAF for between 2018 and 2022

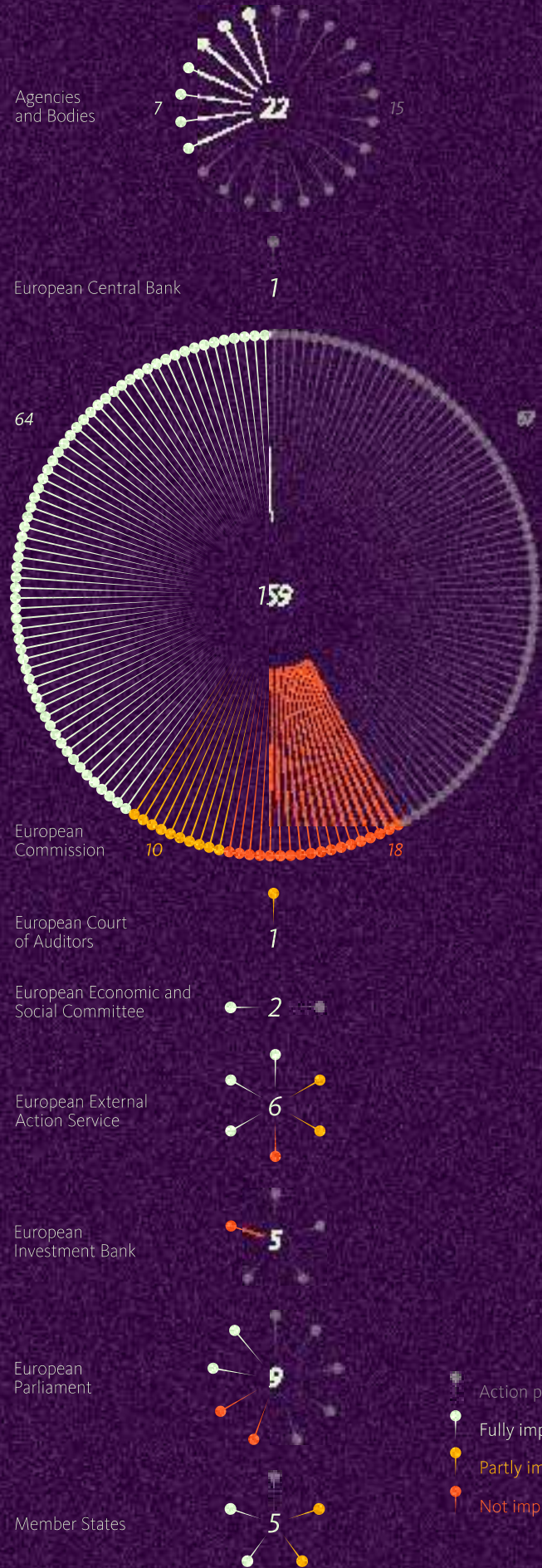
Where an OLAF investigation finds sufficient grounds for suspecting a criminal offence, OLAF issues a judicial recommendation for the competent Member State authority to start criminal prosecution.

- Decision taken: Indictment
- Decision taken: Dismissed
- Decision pending by Judicial Authority

The figure excludes 6 judicial recommendations following which the EPPO has exercised its right of evocation, as this prevents the national judicial authorities from taking any further action in relation to those recommendations.

The European Public Prosecutor's Office (EPPO), operational since June 2021, is mandated to directly investigate and bring to court criminals responsible for damaging the EU's financial interests in 22 EU Member States. This changed the nature of OLAF's judicial recommendations. In addition, the EPPO may take over a case opened by the competent national authorities following OLAF's judicial recommendations.

Administrative impact

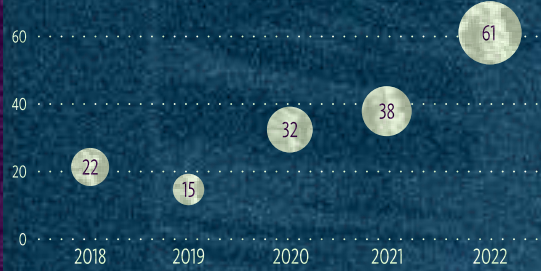


Actions taken by the competent authorities following OLAF's administrative recommendations issued between 1 January 2018 and 31 December 2022

OLAF can issue two forms of administrative recommendations, either specific or generic.

**Specific recommendations** call for measures to be taken to address issues or irregularities which have been identified during the course of an investigation. These recommendations often take the form of, additional audits and administrative verifications, which are focused on specific beneficiaries or spending transactions. Between 2018 and 2022 OLAF issued 137 such recommendations.

**Generic recommendations** go beyond a single investigation and are made to address systemic weaknesses in the regulatory framework and/or management and control systems. Between 2018 and 2022 OLAF issued 73 generic recommendations. Generic recommendations, especially those targeting regulatory frameworks, are often more difficult to implement as they often require a consensus between various actors and may be subjected to complex adoption procedures and as such explains why the implementation of a considerable part of the administrative recommendations issued is still ongoing.



Administrative Recommendations by OLAF for between 2018 and 2022

- Action pending
- Fully implemented
- Partly implemented
- Not implemented



## Anti-fraud Policies

One of OLAF's core missions is to develop anti-fraud policies for the European Commission. Prevention is better than cure and putting in place a framework, which makes sure that EU money reaches its intended recipients is a key objective for OLAF.

To achieve this, OLAF developed the Commission's latest anti-fraud strategy together with other Commission departments in 2019 and coordinates its implementation since then.

The strategy seeks to improve the prevention, detection and sanctioning of fraud at an EU level and is a key part of the Commission's ongoing efforts to reduce frauds against the EU budget. The strategy is accompanied by an Action Plan made up of 63 actions for the Commission to carry out, 60 of which were implemented by the end of 2022.

During 2022, OLAF continued its role in offering support to the European Commission and EU Member State authorities to improve their fraud prevention policy and practices. This was done in a number of ways including collecting and analysing fraud related data, disseminating a risk framework for the Recovery and Resilience Facility and providing over 50 training sessions to Commission departments, agencies and other external partners, including Member States' authorities.

In addition, OLAF advised Commission services, notably on their anti-fraud strategies, and continued cooperation in the framework of the Early Detection and Exclusion System. 2022 also saw OLAF increasing its support to decentralised agencies through advice in drafting their anti-fraud strategies and providing dedicated training sessions. OLAF worked with the Commission to monitor the implementation by Member States of the so-called 'PIF Directive', which aims to fight against fraud to the Union's financial interests by means of criminal law.

OLAF was also tasked with managing the European Commission's Union Anti-Fraud Programme in 2022 (budget €24.4 million in that year) which supports Member States in building up their national anti-fraud capacities and by providing dedicated anti-fraud IT systems.

## Cooperation with partners

OLAF often achieves best results through close cooperation with partners in the EU and beyond. This means that OLAF has developed good working relations with a range of actors on the EU and international anti-fraud stage, including national authorities, customs and crime agencies.

2022 was another busy and productive year in building those relations and this chapter will give a brief insight into some of those relationships and some of the interactions that OLAF has had with its partners in the past year.

### European Public Prosecutor's Office



Operational since June 2021, the EPPO's mandate is to investigate, prosecute and bring to judgment crimes against the financial interests of the EU. Since 2021, both OLAF and the EPPO have been cooperating closely and effectively with the common goal of protecting the EU's financial interests.

This has seen both offices establish close communication and efficient exchanges of operational information and develop necessary tools to create the right conditions to offer a joint response to fraud and irregularities affecting the EU budget.

In a short space of time, OLAF and the EPPO have become important sources of information for each other. OLAF reported 71 cases to the EPPO, which resulted in 42 criminal investigations being opened by the EPPO. In turn, the EPPO reported nine cases to OLAF. OLAF assisted the EPPO in 13 support cases and 19 complementary investigations. It is expected that cooperation between OLAF and the EPPO will grow.

### European Court of Auditors



In September 2022, OLAF organised a joint annual workshop with the European Court of Auditors (ECA), which was attended by around 130 participants from OLAF and the ECA. During the day, participants gave examples of their involvement in protecting the Recovery and

Resilience Facility and discussed how OLAF and the ECA could increase cooperation in this area. Other topics discussed included, fraud in procurement in EU Agencies and protection for whistle-blowers.

During the year, the ECA reported to OLAF 20 cases, based on which OLAF opened five investigations.

### European Parliament



In 2022, OLAF continued to develop good relations with Members of the European Parliament and Parliamentary Committees to strengthen the protection of the EU's financial interests. The Director-General of OLAF, Ville Itälä, had numerous meetings with key actors in the Parliament, including President Roberta Metsola, and together with OLAF senior management made 12 presentations to the Budgetary Control Committee.

OLAF staff members were also invited to the Economic and Monetary Affairs, Civil Liberties, Justice and Home Affairs committees and the Working Group on the Scrutiny of the Recovery and Resilience Facility to discuss issues of common interest.

OLAF also initiated talks with the European Parliament to agree on an update of the existing Practical Arrangements of 2013 to bring them in line with the revised OLAF Regulation and to facilitate cooperation on internal investigations in this institution.

### Eurojust



During 2022, OLAF and Eurojust liaison teams met to explore new ways of collaborating as well as how to adapt to the ever-changing crime landscape.

Following the meeting, an updated Working Arrangement, which establishes practical, strategic and operational cooperation between OLAF and Eurojust, was signed in March 2023. Most notably, in the area of operational cooperation, it includes mutual advice and assistance, the cooperation in operational cases in general and the participation in joint investigation teams.

### Europol



Early in 2022, Europol and OLAF published a joint report assessing the threats to the NextGenerationEU funds. At the end of the year, OLAF provided financial, technical and logistical support to Operation Belenos, a joint customs operation in cooperation with 25 Member States and Europol, focused on tackling money mules and cash couriers. During the year, OLAF continued to participate in Europol's Operation Sentinel, which provides a forum for intelligence sharing, information exchange and coordination of operations concerning the infiltration of organised crime into the economy by abusing the RRF. The operation involves the EPPO, Eurojust and 21 EU Member States.

### Administrative cooperation agreements with partners in the EU and beyond

Administrative cooperation arrangements (ACAs) are another productive avenue of cooperation, which often leads to positive results. ACAs are signed with investigative bodies and other partners fighting fraud across the world. They increase operational exchanges of information and allow for greater cooperation.



During 2022, OLAF signed ACAs with the Inspection Générale d'Etat of Mauritania and the Ministry of Finance of Viet Nam. These arrangements laid the groundwork for greater cooperation

in fighting fraud especially in the area of customs, as well as providing opportunities for OLAF to pass on their expertise via training.

2022 also saw OLAF sign a working arrangement with the Inspector General's Office of the United Nations High Commissioner for Refugees (UNHCR) to ensure that humanitarian aid goes to those who desperately need it and is not lost to fraud. This arrangement puts in place a new framework, which covers exchanges of information, cooperation in investigative activities, risk analysis and training.





# Legal affairs and resources

## Case law - The biggest customs undervaluation case in EU history

Four relevant judgments affected OLAF during 2022. These judgments were related to investigations that OLAF led or were part of. One stand-out judgement concerns a multi-billion customs undervaluation fraud, which largely took place in the United Kingdom (UK), and that OLAF played a leading role in uncovering.

In March 2022, the European Court of Justice ruled partially in favour of the European Commission and validated the risk assessment methodology developed by OLAF to assist Member States in identifying undervalued consignments.

The judgment stated that the UK did not adopt the measures recommended by OLAF and the Commission to combat fraud concerning undervalued imports of textiles from China and that the UK had failed to fulfill its obligations under EU law by failing to apply effective customs control measures in relation to imports of certain textiles and footwear from China. Furthermore, the UK was found to have failed to provide OLAF with all the information necessary to calculate the amount of customs duties lost.

As a result of the ruling, the UK agreed to pay back a total of €3 billion (including interest) the last of which was paid to the EU in February 2023.

## Resources

In 2022, OLAF further strengthened its staff performance by engaging and retaining the best and diverse talents and developing further the staff competencies through diverse learning and career opportunities.

To achieve this, OLAF worked in close cooperation with the European Commission (Directorate-General for Human Resources and Security) to ensure that all HR processes run in a diligent and timely manner.

OLAF is constantly adapting itself to reflect the reallocation of resources, its new areas of activity and the reality of transnational fraudsters' activities.

In the first quarter of 2022, the OLAF establishment plan provided for 322 statutory staff posts, 58 external posts and 96 external service providers' posts.

In the fourth quarter of 2022, OLAF transferred in total 16 posts to the European Public Prosecutor's Office.

The challenge for OLAF will be to maintain its high level of performance despite fewer resources and increasing workload.

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The European Anti-Fraud Office is commonly known as OLAF, which is the acronym of its title in French, Office européen de lutte antifraude.

#### Communicating with OLAF

<http://olaf.europa.eu>

#### Reporting fraud to OLAF

[http://ec.europa.eu/anti-fraud/olaf-and-you/report-fraud\\_en](http://ec.europa.eu/anti-fraud/olaf-and-you/report-fraud_en)

#### Complaining about an OLAF investigation

[http://ec.europa.eu/anti-fraud/olaf-and-you/complaints-olaf-investigations\\_en](http://ec.europa.eu/anti-fraud/olaf-and-you/complaints-olaf-investigations_en)

#### Requesting information on OLAF

[https://ec.europa.eu/anti-fraud/contacts/general-contacts\\_en](https://ec.europa.eu/anti-fraud/contacts/general-contacts_en)

#### Media:

[http://ec.europa.eu/anti-fraud/contacts/media-enquiries\\_en](http://ec.europa.eu/anti-fraud/contacts/media-enquiries_en)

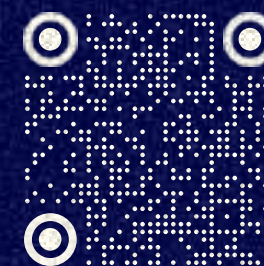
#### Mailing address:

European Commission/European AntiFraud Office (OLAF)/1049 Brussels, Belgium

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European Anti-Fraud Office (OLAF)/Rue Joseph II 30/1000 Brussels, Belgium

# Learn more on the **Digital** **OLAF** Report 2022













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Open data from the EU

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The Fraud Notification System (FNS) is a web-based tool available to any person who seeks to pass on information concerning potential corruption and fraud.

[http://ec.europa.eu/anti-fraud/olaf-and-you/report-fraud\\_en](http://ec.europa.eu/anti-fraud/olaf-and-you/report-fraud_en)



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Disclaimer

OLAF's report features case studies for illustrative purposes only. The fact that OLAF presents these case studies does not prejudice the outcome of any judicial proceedings, nor does it imply that any particular individuals are guilty of any wrongdoing



# Foreword

It is with great pleasure that I present the latest edition of the annual report of the European Anti-Fraud Office (OLAF), covering the period from 1 January 2023 to 31 December 2023.

2023 was about fighting fraud on all fronts. This report presents an overview of OLAF’s investigative results and highlights some of the fraud trends identified in the last year such as manipulation of procurement procedures, kickback schemes, smuggling or, counterfeiting.

OLAF performed strongly in 2023, concluding 265 investigations, opening 190 new ones, recommending the recovery of over €1 billion to the EU budget, and preventing almost €210 million of EU funds being lost to fraud. The report highlights some of the most significant cases closed in 2023, including irregularities in the European Structural and Investment Funds and the Cohesion Fund.

Since the beginning of its operations in 1999, cooperation has been a defining trait of OLAF. This report contains numerous examples of how this cooperation helps protect the EU’s financial interests, citizens, economy and rule of law.

For example, working with national authorities allowed us to help seize 616 million illicit cigarettes, 140 tons of raw tobacco and 6 tons of water pipe tobacco, preventing the loss of over €151 million to EU and national budgets. OLAF also helped impound over 6 million litres of illicit wine, beer and spirits.

Ukraine was the focus of many of our activities in 2023. The EU budget enabled €19.5 billion in short-term assistance, including an unprecedented support package of €18 billion in concessional loans to Ukraine. OLAF helped protect this funding by providing training for Ukrainian anti-fraud authorities and also worked with Member States to help detect and investigate attempts to circumvent EU sanctions against Russia and Belarus. We also carried out investigations into potential fraud against EU funds in Ukraine, one of which is featured in this report.

By the end of 2023, the EU had distributed just under €300 billion of Recovery and Resilience Facility (RRF) funding to Member States, to help economies recover from the COVID pandemic and strengthen resilience. OLAF continues to investigate allegations of fraud against these funds and an example is featured in the report.

Since 1999, we have built a wealth of experience in detecting, investigating and preventing fraud across the world. Fraud has changed over the years, with more illicit activities being carried out digitally, often spanning multiple countries and even continents!

As OLAF, we had to adapt and upgrade our skills and methods, with a greater emphasis on digital forensics and data gathering and sharing. However, what has not



changed, is the damage that fraud causes to citizens, markets, institutions and society as a whole.

While this report focusses largely on how OLAF identifies, investigates and prevents fraud and corruption, it is always worth bearing in mind why OLAF does what it does.

We protect the EU budget, creating fairness and a level playing field for citizens and economic operators, while ensuring the integrity of EU institutions and staff. It is a mission that OLAF has carried out for 25 years and will pursue for many more to come.

Of course, none of the achievements of last year would have been possible without the work and dedication of OLAF staff, our most valuable asset. I take this opportunity to express my deep appreciation to all my OLAF colleagues for their professionalism, hard work, commitment and motivation. This report is testament to them all!

# Mission and mandate

## Mission

Established in 1999, the European Anti-Fraud Office (OLAF) mission is to detect, investigate and protect the European Union Budget.

## Mandate

The mandate of the European Anti-Fraud Office (OLAF) is to:

- conduct independent administrative investigations into fraud and corruption involving EU funds to ensure that EU taxpayers’ money reaches projects that can stimulate the creation of jobs and growth in Europe;
- investigate serious misconduct by EU staff and members of the EU institutions, thus contributing to strengthening citizens’ trust in the EU institutions;
- develop EU policies to counter fraud.

## Competences

OLAF investigates matters relating to fraud, corruption and other illegal activities affecting EU financial interests and concerning:

- all EU expenditure – the main spending categories are European Structural and Investment Funds, agriculture and rural development funds, direct expenditure including the Recovery and Resilience Facility (RRF) and external aid;
- some areas of EU revenue, such as money from customs duties or value added tax (VAT).

OLAF also carries out investigations into suspected serious misconduct by EU staff and members of the EU institutions.

OLAF is in charge of implementing Council Regulation (EC) No 515/97 setting out how national authorities must cooperate with each other and with the European Commission to implement EU customs, agricultural and intellectual property rights legislation.

OLAF is part of the Commission and, as such, under the responsibility of the Commissioner for Budget and Administration, Johannes Hahn.

In carrying out its investigative mandate, OLAF acts in full independence.

## What we do

OLAF’s investigative work involves:

- assessing incoming information of potential investigative interest to determine whether there are sufficient grounds for OLAF to open an investigation;
- conducting administrative anti-fraud investigations, where appropriate in cooperation with national judicial or administrative investigative authorities and with EU and international bodies;
- supporting the anti-fraud investigations of national authorities;
- coordinating the actions of national authorities and sharing knowledge on fraud with its partners in order to prevent losses and protect health and safety;
- recommending actions that should be taken by the relevant EU or national authorities;
- monitoring the actions taken by these authorities, in order to assess the impact of OLAF’s work on the fight against fraud and better tailor the support that OLAF provides to national authorities.



# Main trends

OLAF had a strong investigative performance in 2023, protecting the EU's financial interests by detecting and preventing fraud, in the EU and beyond.

OLAF continues to identify the main trends in fraudulent activity and during the past year we investigated allegations and instances of collusion, manipulation of procurement procedures, conflicts of interest, and inflated invoices, evasion of customs duties, smuggling and counterfeiting. While this is very much in keeping with previous years, OLAF did notice an increase in certain trends.

One noticeable pattern that continued to grow in 2023 was complex frauds taking place online and across multiple jurisdictions. This rise in fraud mirrors the increase in the use of digital technologies in everyday life that has intensified since the COVID-19 pandemic. Key to solving these crimes is the use of data. OLAF's analysts and investigators are effective in joining the dots to expose the wrongdoing by sifting through thousands of documents.

Another trend that increased last year was the use of administrative violations, often in artificially created cross-border situations, with the aim of defrauding the EU budget without being detected. As a cross-border administrative investigative body, OLAF has the necessary powers, expertise and experience to effectively tackle this form of fraud and continued to do so successfully last year.

During investigations in third countries OLAF identified a noticeable increase in instances of double funding. In particular, false cost submissions for experts claiming they worked 100% of their time on the EU funded project, but in reality, were employed simultaneously by a number of other donors.

This trend led OLAF to increase communication with international donors. Particular efforts were made to increase exchanges of information with Member States', development agencies and a number of International Non-Governmental Organisations.

OLAF also created a secure forum for the exchange of operational information with some major international donors active in Ukraine.

265  
Cases  
concluded



309 Recommendations



185 Financial recommendations

€1 043 800 000  
recommended for recovery



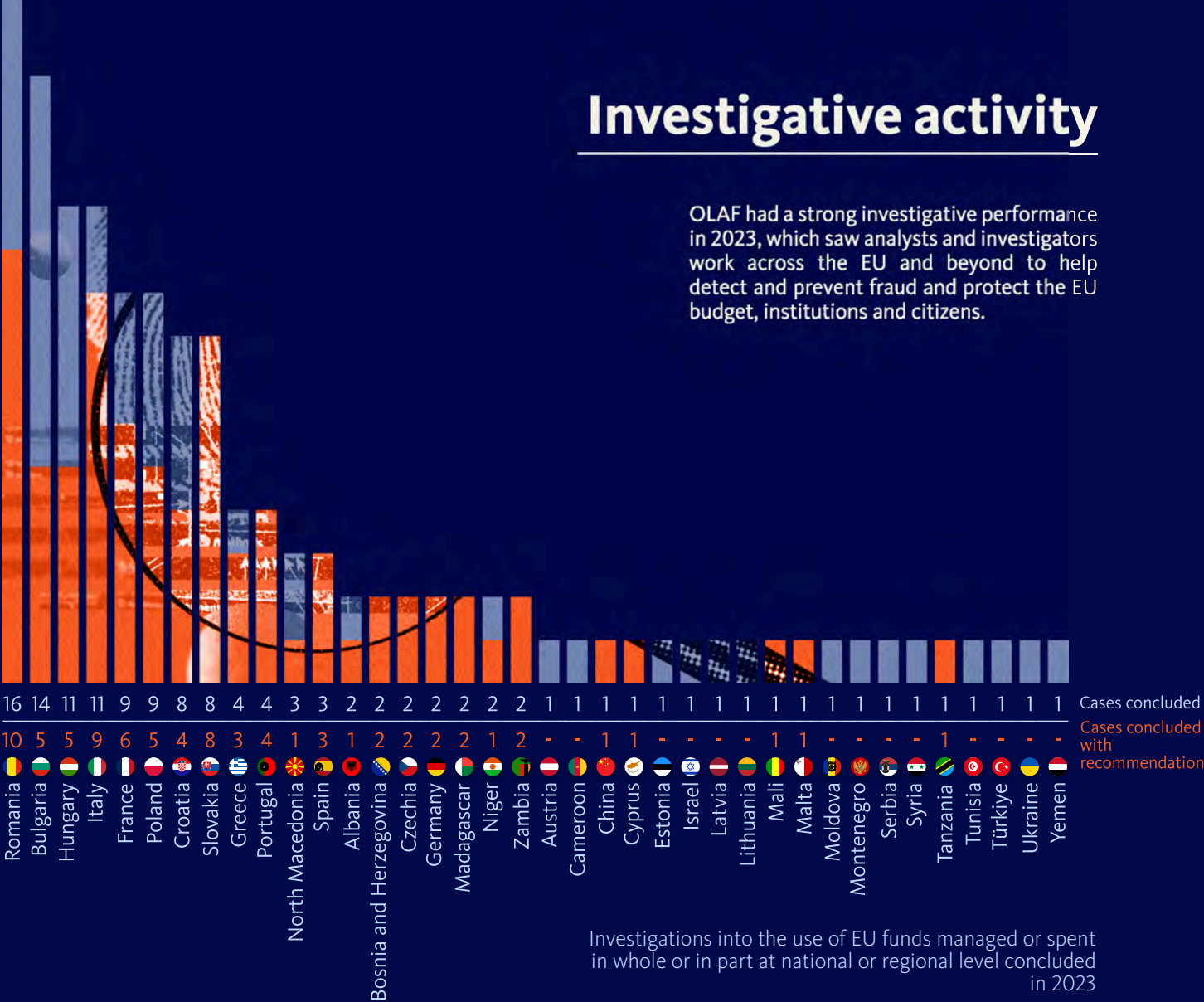
€209 400 000  
prevented from being unduly spent

190  
Investigations  
opened

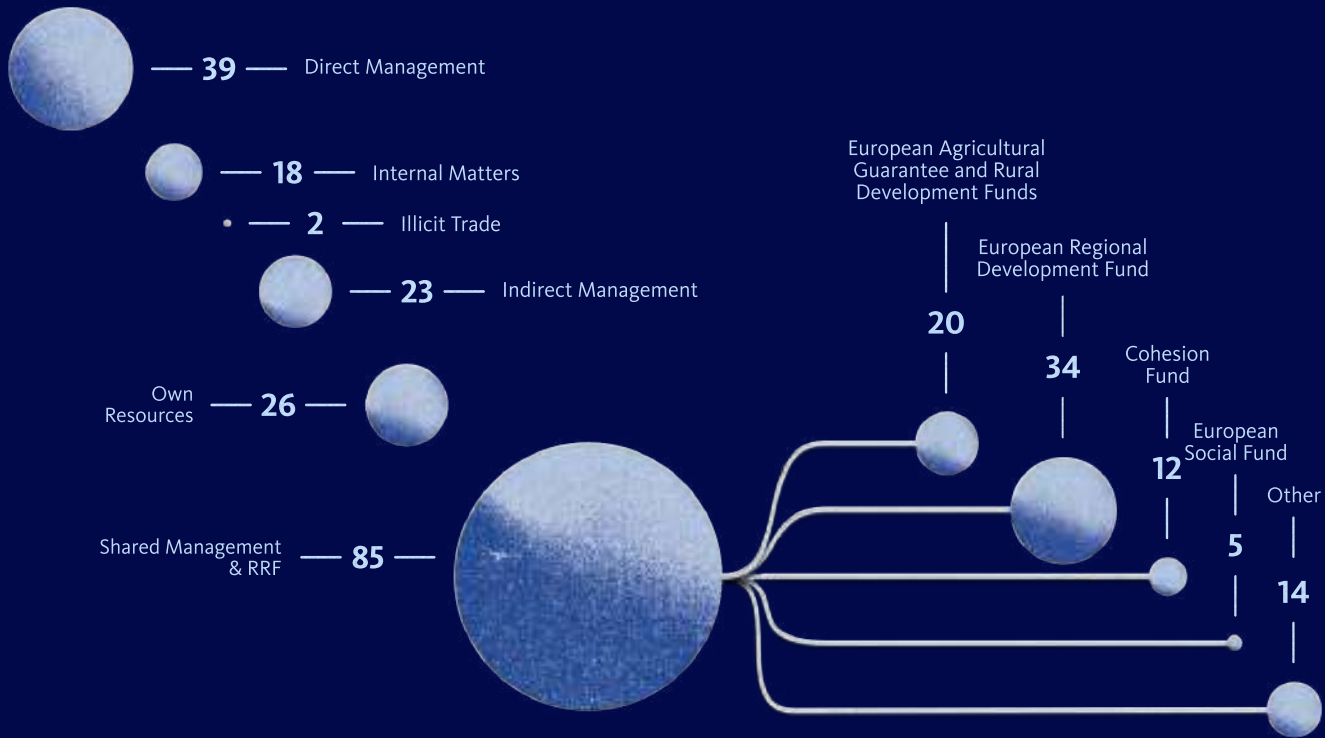
1178  
Selections made

# Investigative activity

OLAF had a strong investigative performance in 2023, which saw analysts and investigators work across the EU and beyond to help detect and prevent fraud and protect the EU budget, institutions and citizens.



Investigations opened by main investigation area in 2023





# Protecting EU funds

Each year the EU distributes hundreds of billions worth of funds to Member States and organisations around the world. This funding goes towards creating a stronger, cohesive and resilient Europe, improving citizens' lives and supporting key sectors such as agriculture, education, health, research and innovation, environment and industry.

One of OLAF's missions is to ensure that this EU expenditure is not subjected to fraud or irregularities, because unfortunately, where these funds go, fraudsters often try to follow. 2023 was no exception and during the year OLAF investigated instances of fraud and irregularities against various strands of EU funding.

OLAF investigations fall into three categories

- investigating frauds against EU expenditure – for example fraud against EU cohesion, agricultural and direct management funds
- EU revenue, such as schemes to evade customs duties
- Internal investigations, involving staff and/or members in EU institutions, offices, bodies or agencies

This report contains examples of OLAF's activities in each of these categories that took place or were concluded in 2023.



## Irregularities at a wastewater plant

OLAF investigated a project related to a municipal wastewater treatment plant in France financed under the European Regional Development Fund (ERDF).

The investigation focused on a contract to renovate the premises, which was awarded to the multinational company in charge of the plant at the time. The contract was awarded by the local municipality without a tender procedure/competition, in contravention of public procurement law.

Following on-the-spot checks and multiple interviews, OLAF established that the municipality, which was also the beneficiary of the ERDF funding, disregarded legal advice to initiate a competitive procedure and simply offered a contract extension in direct violation of public procurement legislation.

OLAF further established collusion between the multinational company and the municipality.

As a result, OLAF recommended the recovery of close to €2 million of EU funds from the project. OLAF made an administrative recommendation to the relevant European Commission service to liaise with the national authorities managing the ERDF to ensure that the opinions of the national authorities in charge of the legal control of local authorities are duly taken into consideration and implemented.

**€2 000 000**  
recommended for recovery



## Research projects and Horizon 2020 programmes defrauded

OLAF investigated – and confirmed, allegations that two companies implementing projects funded from 7th EU Framework Programme for Research and Horizon 2020 programmes did not have the capacity to fulfil the EU projects they were assigned.

Following investigative activities, including on-the-spot checks with digital forensic operations in Greece and Cyprus, OLAF discovered a long list of irregularities carried out by the companies. These included the creation of kickback schemes, fictitious costs and breaches in grant conditions.

It transpired that the two companies awarded these projects were actually managed by one individual using strawmen to carry out the fraud. OLAF uncovered multiple schemes pivoting around the manager which included conflict of interests among the employees who were practically all relatives or close friends of the manager; part of the employee's salary being paid back to the manager as a kickback; and the beneficiaries paying a sizeable success fee to the manager.

The alleged fraud itself had affected around 20 EU projects and OLAF recommended the recovery of just under €8.5 million. OLAF also issued multiple recommendations - financial, administrative and judicial.

**€8 500 000**  
recommended for recovery

## A Symphony of fraud

OLAF investigated irregularities related to the selection and implementation of a project co-financed from the European Regional Development Fund in Poland.

The main goal of the project was the construction of a concert hall for over 300 people that would allow for 'exceptional acoustic quality for orchestras to provide an enriched environment for educational and cultural studies'.

OLAF found that national authorities chose a proposal which when completed would result in an unfinished concert hall that could not be used by either students or citizens.

OLAF also found several tender irregularities, including conflict of interest and use of false documents.

Based on the results of the investigation, OLAF prevented from undue spending almost €4.5 million, the full EU contribution to the project. A judicial recommendation was also sent to the respective national prosecution service, where criminal proceedings are ongoing.



**€4 500 000**  
prevented from being  
unduly spent



Protecting EU revenue

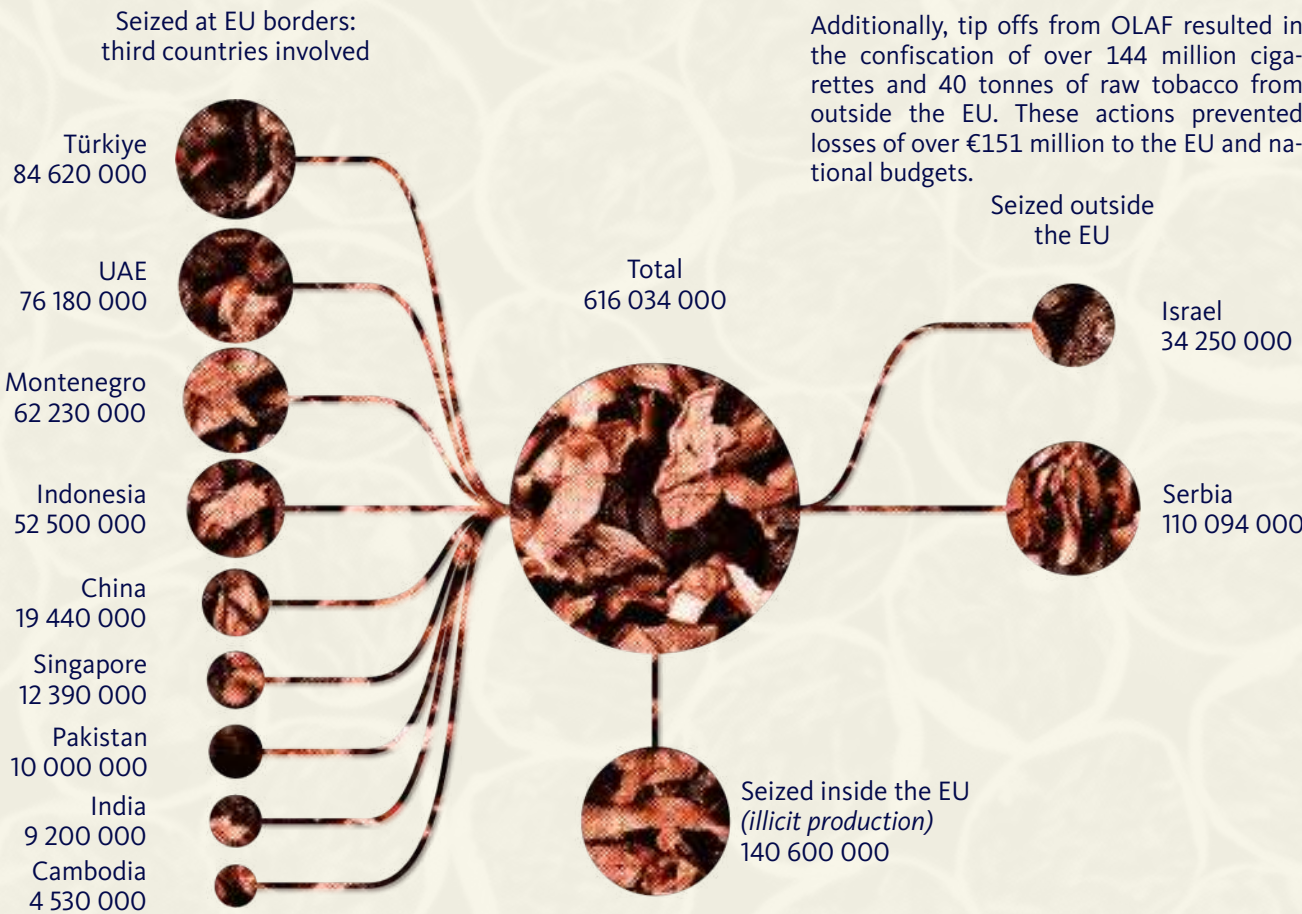
Protecting EU revenue from being undermined by illicit activities has been a key priority for OLAF since it was founded 25 years ago.

Fraudsters target EU revenue streams by a range of actions such as smuggling, devising schemes to avoid paying correct customs duties and promoting a black market in counterfeit and controlled goods.

These actions reduce the money that goes to Member States and the EU via customs payments. They also endanger citizens' health and safety and the environment, while putting at a disadvantage bona fide EU producers and destabilise the single market by introducing counterfeit and substandard goods into the EU.

The following section looks into some of the actions where OLAF worked with EU and national authorities to target these fraudsters and criminal gangs.

Amount cigarettes seized in 2023



Dealing with smuggling

Targeting cigarette smuggling has been a core activity of OLAF since it was founded 25 years ago.

2023 was no exception with OLAF operations leading to the seizure of over 616 million illicit cigarettes worldwide, including 331 million cigarettes confiscated at the EU's external borders. OLAF also helped seize 140 tons of raw tobacco and 6 tons of water pipe tobacco, preventing losses of over €151 million to the EU and national budgets.

Additionally, tip offs from OLAF resulted in the confiscation of over 144 million cigarettes and 40 tonnes of raw tobacco from outside the EU. These actions prevented losses of over €151 million to the EU and national budgets.

Award winning work in preventing the illegal trade of F-gases in the Netherlands and Greece



Origin Fraud - E-Bikes

OLAF worked closely with the European Public Prosecutors' Office (EPPO) to expose a €4 million suspected origin fraud that saw 17,000 e-bikes fraudulently exported from Türkiye to Italy.

OLAF got involved following an EPPO criminal investigation into suspicions of fraud carried out by a Turkish exporter of e-bikes. OLAF opened a complementary administrative investigation (to the EPPO's) to ascertain the true origin of the e-bikes.

After working with the EPPO and Turkish authorities and visiting suspicious Turkish companies, OLAF established that the suspected fraudsters were importing individual parts needed to build an e-bike from China to Türkiye. These were declared as e-bike 'component parts'. The suspected fraudsters would then use these parts to assemble completely new e-bikes, which were then exported to Italy (the EU).

Therefore, when these e-bikes - which were effectively Chinese e-bikes, arrived in Italy they were labelled as Turkish, bypassing Chinese import and anti-dumping duties.

OLAF passed its findings to the EPPO which opened their own criminal investigation with Italian customs. As a result of this alleged fraud, it was established that 17,000 'misdeclared' e-bikes had entered Italy evading €4 million customs duties. OLAF recommended the full recovery of this sum by Italian customs. Turkish customs were also able to recover customs duties on these e-bikes, which had been evaded at the import stage from China.

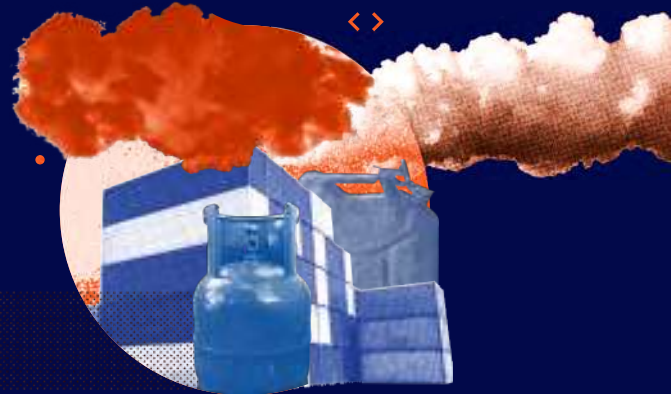
OLAF works helps prevent the illicit trade in refrigerant gasses (F-gases) such as hydrofluorocarbons which replaced ozone-depleting substances. Given their risks to the ozone layer the EU adopted a regulation to reduce the amount of HFCs in circulation.

OLAF supports cross-border investigations and works closely with national and international authorities to close down the illicit HFCs markets that operated by criminal networks.

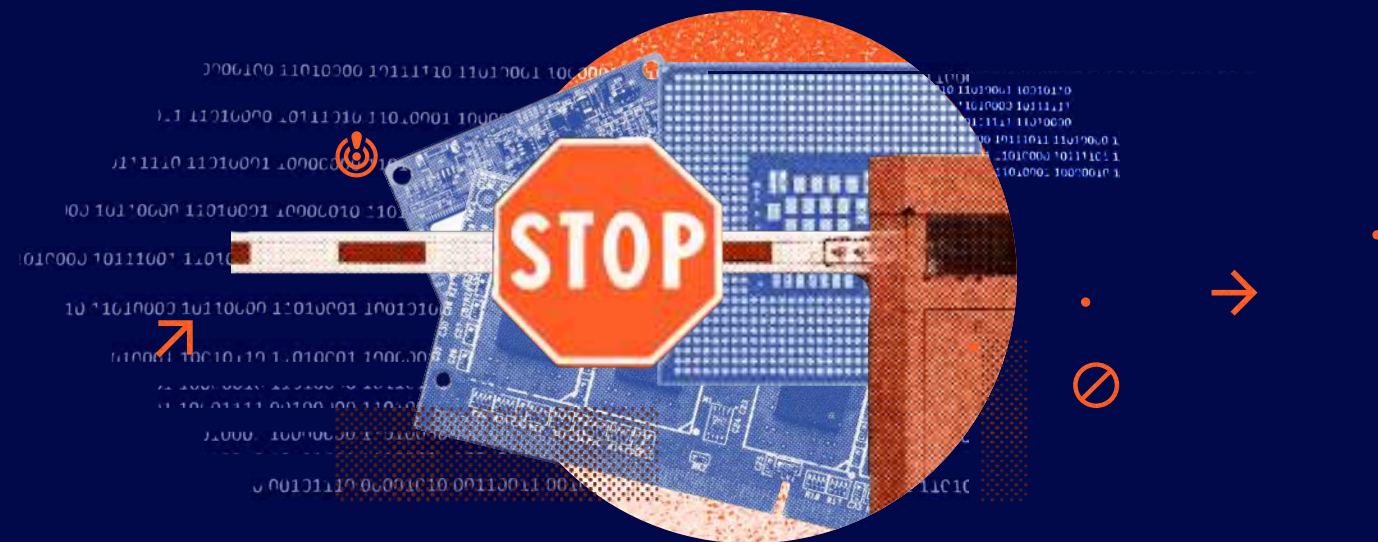
A particular investigation in the Netherlands concerned a 'new generation gas' known as Hydrofluoroolefins (HFOs). In cooperation with Dutch Customs, OLAF detected six containers of patent-infringing HFOs illegally imported and distributed in the EU.

OLAF also collected information related to unauthorised HFOs distributed on the Greek market, sharing its findings with the Interagency for Market Control of the Hellenic Ministry of Development and Investments (DIMEA) that is responsible for policing intellectual property infringements in Greece. Following the exchange of information a joint investigative action was carried out with Greek Customs, Police and DIMEA with support from the rights holder. As a result, 15.6 tonnes of illicit gases were seized.

In 2023, OLAF received the prestigious Montreal Protocol Award for Customs and Enforcement Officers, an international recognition by the United Nations and the World Customs Organization for the work in targeting the illegal trade in climate damaging F-gases.







## OLAF a leader in the fight against sanction circumvention

Following Russia's invasion of Ukraine, the EU adopted several sanction packages against Russia and its ally Belarus to target their economies and reduce the money they can spend on their unjust war against Ukraine.

From March 2022 to the end of 2023, the EU implemented 12 sanction packages against these two countries, which included import and export bans on a number of goods.

OLAF works in several ways to help enforce these sanctions, either by direct enquiries of potential breaches or by cooperating with partners in the EU and beyond to share knowledge and create a collaborative approach to defending the packages, and consequently, Ukraine itself.

OLAF monitors trade flows, performs analytical work to detect possible fraudulent circumvention of import/export sanctions, identifies suspicious operators and maps routes possibly used to try to evade trade restrictions.

OLAF also cooperates with the Member States and its international partners to produce intelligence packages and facilitate the real-time exchange of operational information in the conduct of investigations.

This allows OLAF to promptly inform national authorities of any suspicious situations, as national authorities have the power to enforce the sanctions and stop operators that try to circumvent them. Such suspicions

can include unusual movements of goods or other suspicious behaviour such as price anomalies that can be an indication that the goods traded to or from a third country have in fact their final destination or origin in Russia.

In June 2023, OLAF hosted national authorities, non-governmental organisations and industry representatives from the EU and beyond, at its headquarters in Brussels to exchange intelligence and coordinate action on the enforcement of trade sanctions against Russia. The meeting brought together customs and law enforcement representatives from EU Member States, the USA, the UK, Canada as well as leading industries affected by the sanctions and NGOs. The gathering allowed participants to exchange intelligence and strategies to support the correct enforcement of the sanctions. During the operational session, investigators and analysts from the enforcement authorities of the participating countries and OLAF shared intelligence and best practices.

An important outcome of this meeting was the agreement to establish a Joint Sanctions Enforcement Operation (JSEO) that became operational on 1 July 2023. The JSEO that is coordinated by OLAF focuses on dual-use goods such as integrated circuits and electronic components.

OLAF also participated in the G7 sub-working group on Export Control Enforcement that was created with the aim to bolster compliance

and enforcement of the sanctions and deny Russia the benefits of G7 economies.

By bringing together authorities, actors and partners that have the power to enforce the sanctions, OLAF is making sure that there is a strong and concerted approach which will make sure that the sanctions are effective.

OLAF is also cooperating closely with the Ukrainian authorities on the topic.

OLAF further fulfils its obligations to support EU sanctions against Russia and Belarus by providing investigative intelligence know-how and by acting as a bridge between the various national and international authorities.

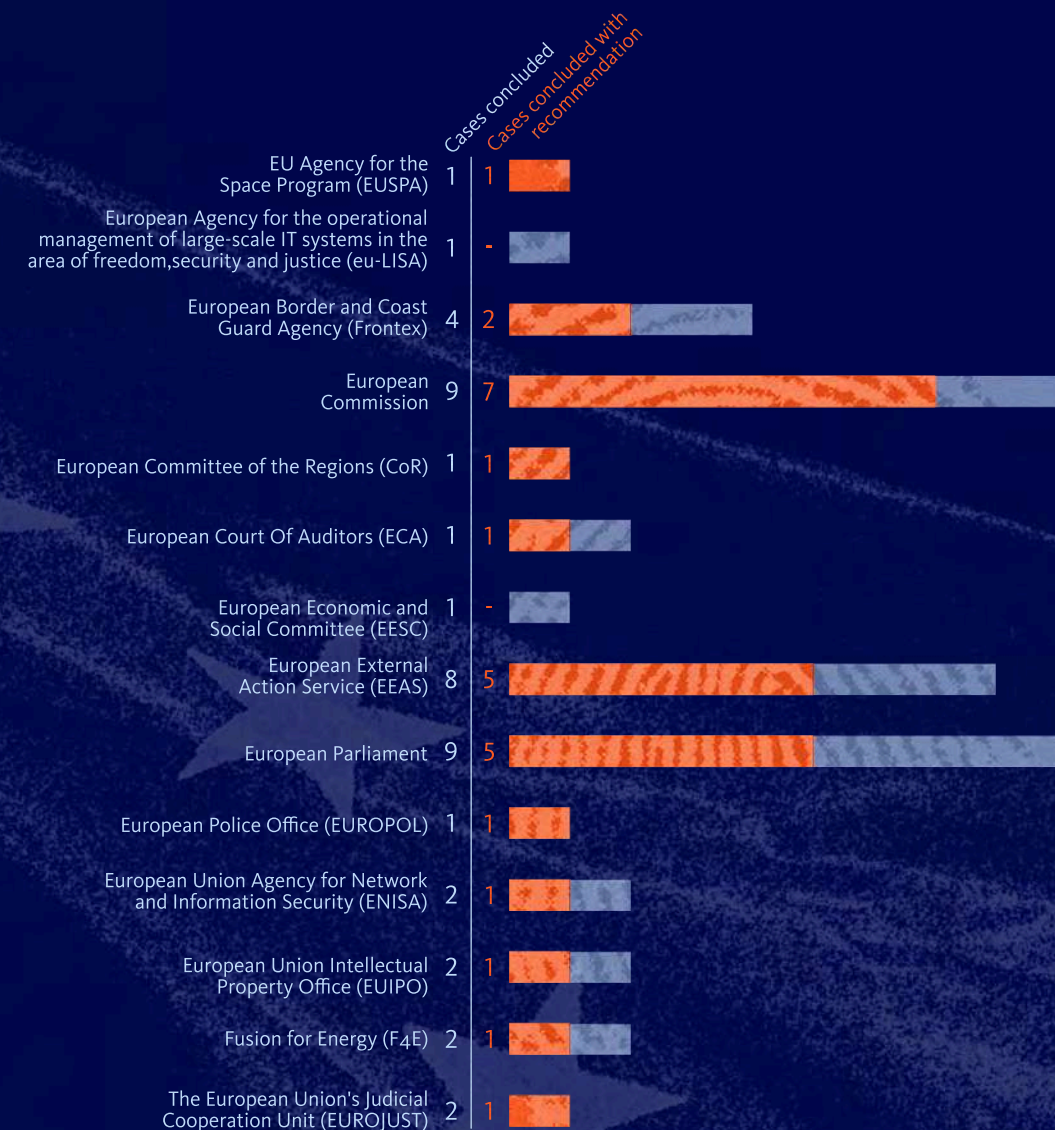
As an investigative office, with 25 years of experience of fighting smugglers and customs fraud, OLAF has extensive experience in analysing trade flows and data to detect suspicious operators and dodgy movements of goods. Making it an ideal leader in the fight against sanction circumvention.

## Investigating within the EU institutions

OLAF has a unique mandate to carry out independent internal investigations into allegations of misconduct by staff and members of any EU institution, body, office or agency.

Whilst these cases make up a relatively small number of OLAF's overall workload they are important in preserving the EU's reputation.

The following is an example of an internal case investigating abuse of diplomatic privileges and undeclared external activities by staff members of an EU Delegation.



Investigations into EU staff and members of the institutions concluded in 2023

## Abuse of diplomatic privileges and undeclared external activities by staff members of an EU Delegation

OLAF completed an investigation concerning serious professional misconduct mainly related to unauthorised external activities and abuse of diplomatic privileges by staff members of an EU Delegation and a Regional Office in South East Asia.

The investigation established that these staff members were actively involved in a scheme to evade VAT and excise taxes at import in this third country. Alcohol and cigars were ordered, using the name of the EU Delegation and subsequently passed on to several persons external to the Delegation. This practice breached the applicable rules and procedures on placing orders for diplomatic goods and gave undue benefits to persons who did not qualify for diplomatic privileges.

On occasion orders for alcohol were placed before receiving the authorisation from the third country's authorities and by using the name of a Delegation's colleague and retired staff member. Moreover, the investigation showed that one staff member carried out external activities without prior authorisation for a period of 13 years

intensively engaging in teaching activities during working hours, thus interfering with the proper performance of their duties at the EU Delegation. The staff member also released several publications and sat on different editorial boards without having requested prior authorisation.

The individual abused their position in the EU Delegation, the professional email address and the Delegation's network/services for tasks ancillary to these unauthorised external activities (preparation of presentations, syllabuses, evaluation of students' theses and correspondence with external persons). Another staff member of the EU Delegation had engaged in a similar unauthorised external activity as manager of a private company.

OLAF recommended that the institution initiate disciplinary proceedings against the staff members concerned in relation to the breaches of the statutory obligations, which also harmed the image and the reputation of the EU institutions.



# Impact of OLAF investigations

When OLAF concludes an investigation, it often issues recommendations to the competent EU and national authorities, inviting them to take action to redress the fraud, corruption or other illegal activity uncovered by the investigation.

OLAF's recommendations are intended to protect the EU budget and to uphold the rule of law. More specifically, OLAF's recommendations aim to serve several purposes:

**Financial recommendations** invite competent EU or national authorities to recover amounts that were unduly spent or prevent them from being irregularly spent, or in customs matters, not duly collected for the EU budget as a result of fraud or irregularities.

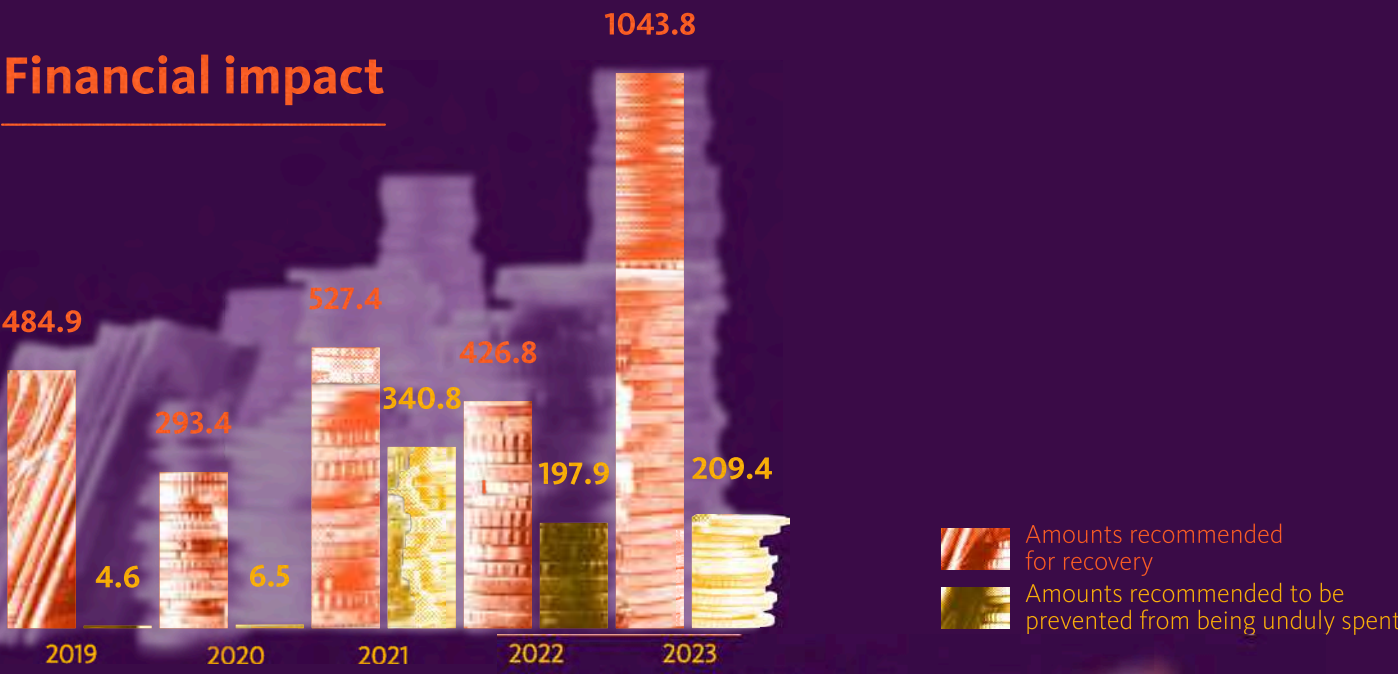
**Judicial recommendations** invite a Member State's judicial authorities to consider initiating criminal proceedings.

**Disciplinary recommendations** aim to sanction wrongdoing by EU staff or Members of EU bodies.

**Administrative recommendations** aim to reinforce existing policies and control systems. They can also recommend a specific administrative action, such as excluding an entity from future EU funding or to perform an audit or an administrative check. Administrative recommendations can also address systemic weaknesses uncovered in control systems.

Each year OLAF analyses the follow-up given to its recommendations and reports the results to the Commission's Corporate Management Board. A summary of the current analysis of such ongoing monitoring work is as follows.

## Financial impact



Amounts recommended by OLAF for financial recovery from 2019 to 2023 (in € millions)

The sum recommended by OLAF for recovery is the result of OLAF's investigative work in 2023, not an indication of the overall level of fraud against the EU budget.

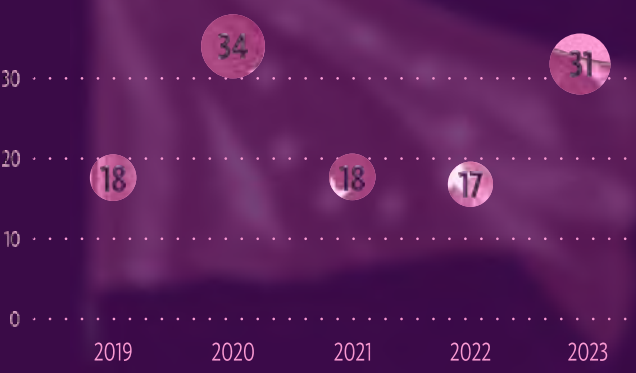
Key to an effective implementation of OLAF's financial recommendations is close cooperation with spending services, especially with Commission departments and executive agencies



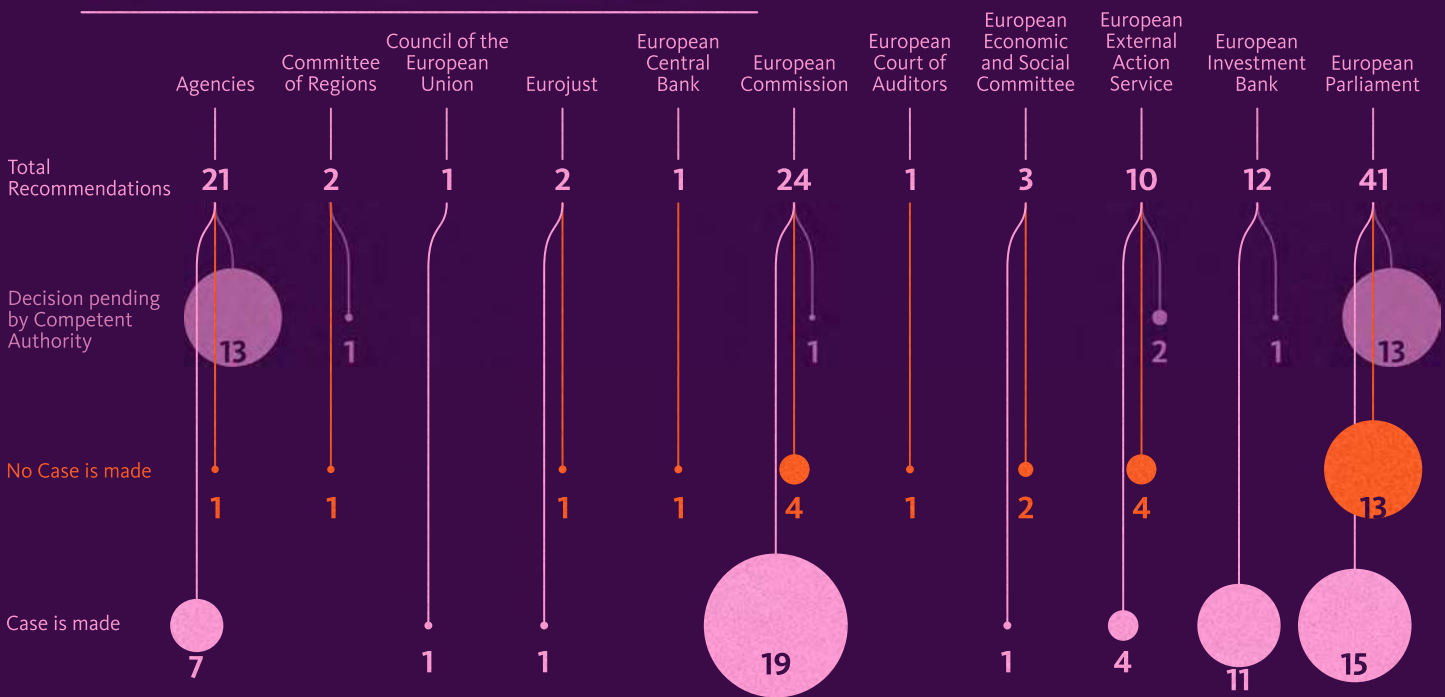
Recommendations by OLAF for financial recovery between 2019 and 2023

## Disciplinary impact

Disciplinary Recommendations by OLAF for between 2019 and 2023



The disciplinary recommendations issued by OLAF concern serious misconduct of EU staff or members of the EU institutions and other EU bodies. The recommendations are made to the authority that has disciplinary powers within the institution or body concerned. When making such recommendations, OLAF does not specify the type of action that should be taken. The disciplinary authorities can implement as many recommendations as it sees fit and may take several actions following the same recommendation.

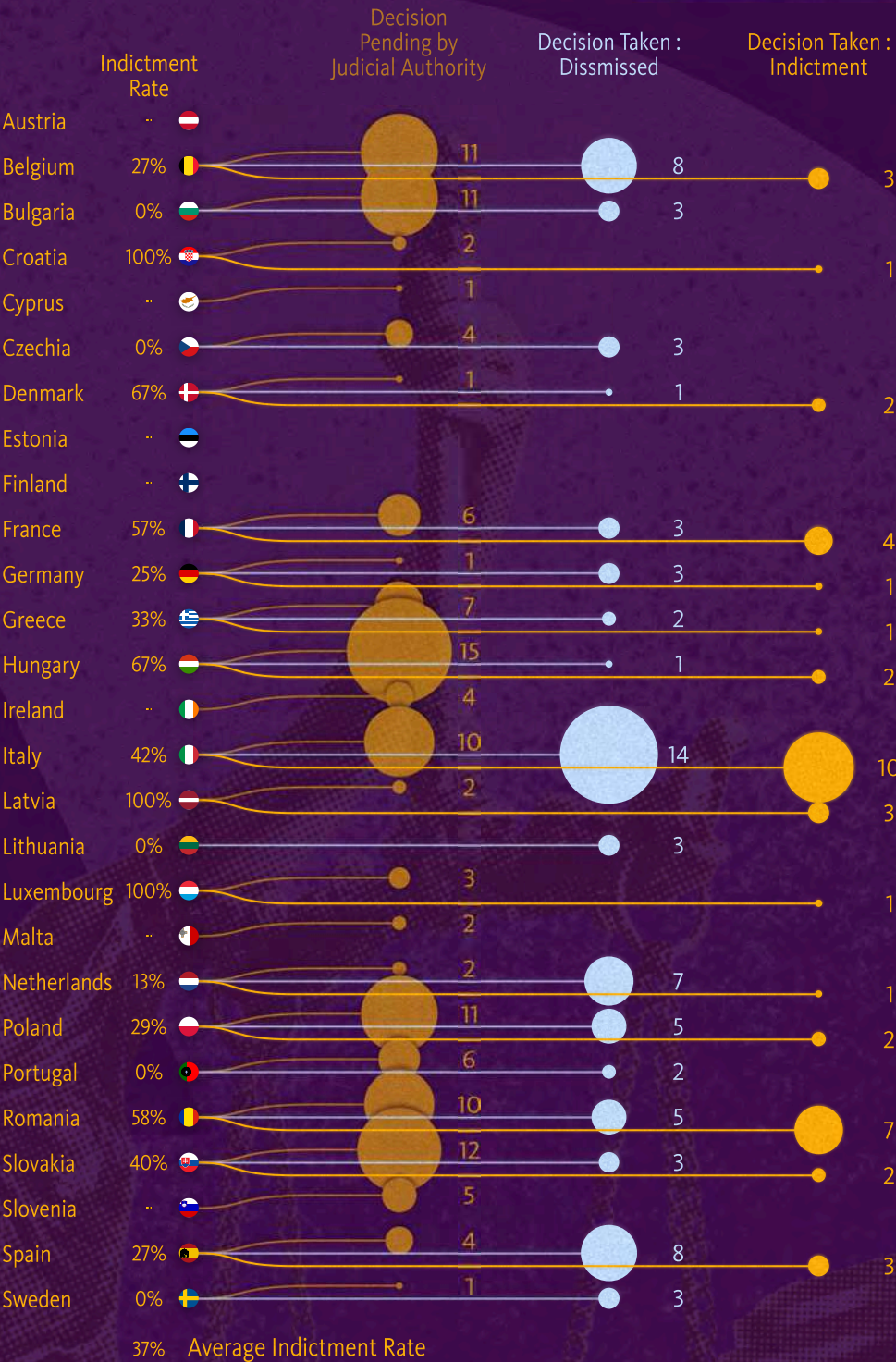
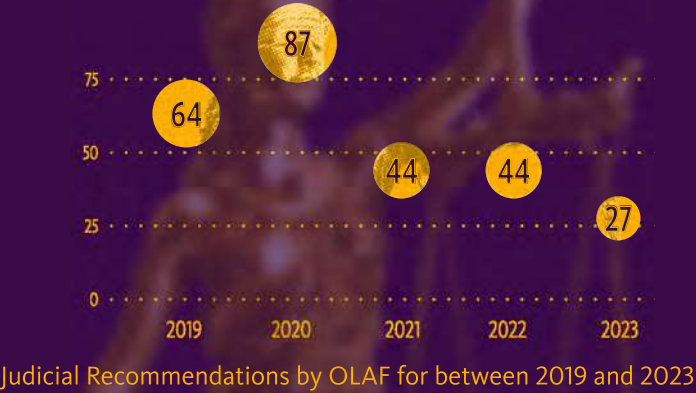


Actions taken by the appointing authorities following OLAF's disciplinary recommendations between 2019 and 2023



Judicial impact

Where an OLAF investigation finds sufficient grounds for suspecting a criminal offence, OLAF issues a judicial recommendation for the competent Member State authority to start criminal prosecution.

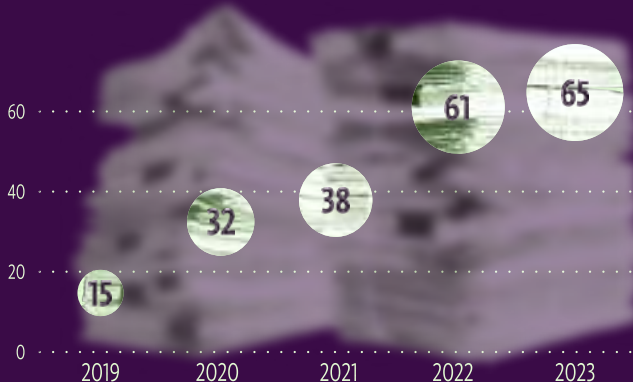


The European Public Prosecutor's Office (EPPO) became operational in June 2021 and is mandated to directly investigate and prosecute criminals responsible for damaging the EU's financial interests in 22 EU Member States. This changed the nature of OLAF's judicial recommendations as the EPPO can now follow-up directly when it has the authority to do so.

Actions taken by national judicial authorities following OLAF's recommendations issued between 1 January 2019 and 31 December 2023

Administrative impact

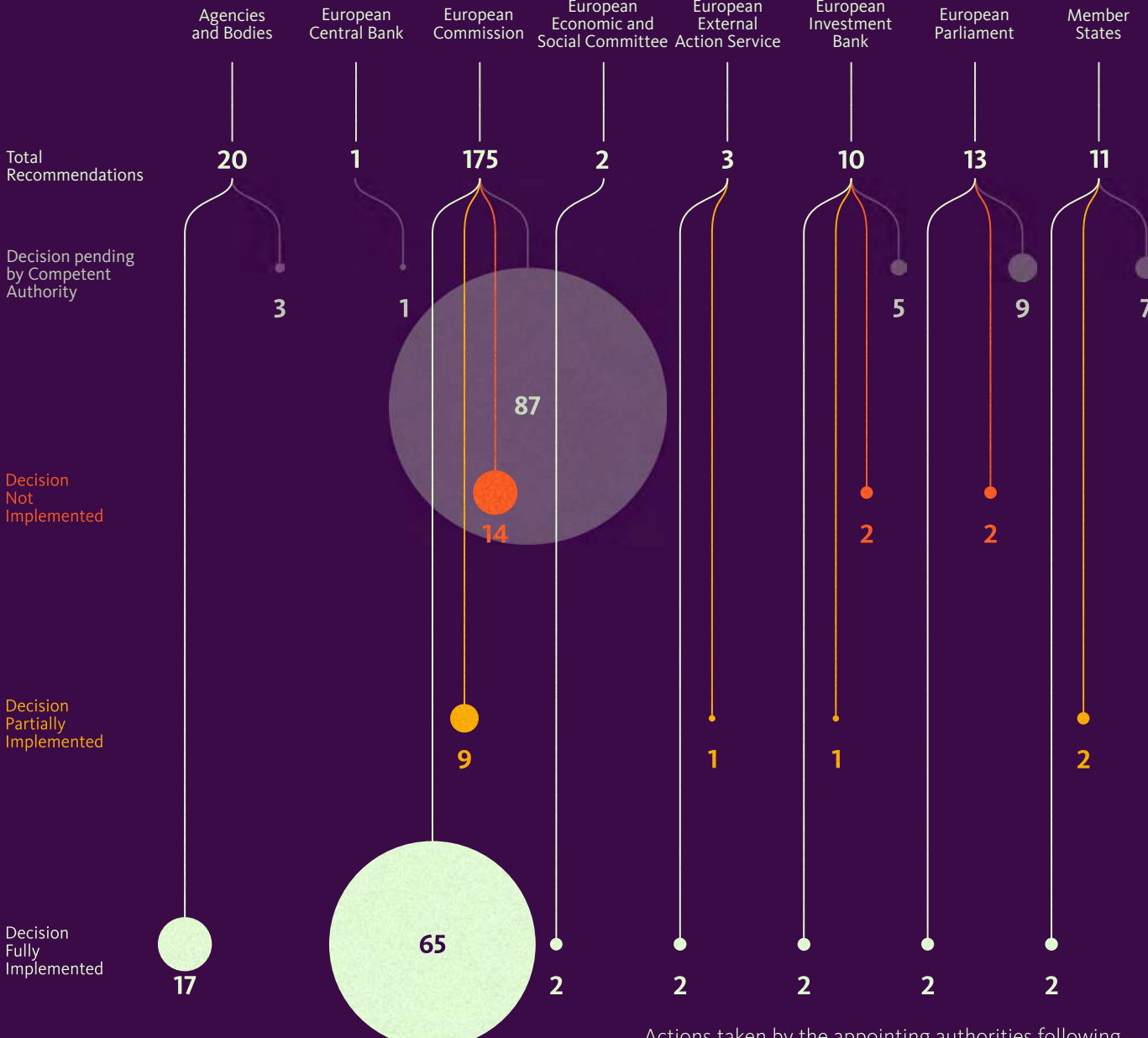
Administrative Recommendations by OLAF for between 2019 and 2023



OLAF can issue two forms of administrative recommendations, either specific or generic.

**Specific recommendations** call for measures to be taken to address issues or irregularities which have been identified during the course of an investigation.

**Generic recommendations** go beyond a single investigation and are made to address systemic weaknesses in the regulatory framework and/or management and control systems.



Actions taken by the appointing authorities following OLAF's administrative recommendations between 2019 and 2023





## Anti-fraud Policies

One of OLAF's core mandates is developing anti-fraud policies for the European Commission. One area where OLAF is active, is developing the Commission's anti-fraud strategy.

OLAF coordinated the revision of the action plan that accompanies the Commission anti-fraud strategy. The new plan includes 44 actions under seven themes that cover the Commission's priorities in fighting fraud. With digitalisation as one key theme, the plan envisages actions to increase the use of IT tools by the Commission and Member States for the prevention, detection and investigation of fraud. Other actions concern the Recovery and Resilience Facility (RRF), customs fraud, as well as strengthening the EU anti-fraud architecture and the Commission's anti-fraud and ethics culture.

During the year OLAF continued its strategic analysis of irregularities and fraud, notably by updating its risk framework for the RRF. It also deepened its analysis of the detection and reporting of irregularities and fraud in different sectors and the differences in reporting among Member States. Furthermore, OLAF advanced on the development of the Irregularity Management System (IMS) to strengthen reporting of irregularities and fraud while enhancing the analysis of data obtained.

## Cooperation with partners

OLAF protects the EU's financial interests around the world. Partnership is key to protecting those interests. This section takes a look at some of OLAF's cooperation with some of its partners.



### European Public Prosecutor's Office (EPPO)

OLAF and the European Public Prosecutor's Office (EPPO) have distinct and complementary mandates but are natural partners. OLAF reported 79 cases to the EPPO, 4 cases of which were transmitted on behalf of the Commission. Based on this, EPPO opened 29 criminal investigations. The EPPO transmitted relevant information in 81 cases to OLAF, as a result of this information OLAF opened 11 investigations and 22 complementary investigations. In addition to complementary investigations, OLAF provided support to the EPPO in 4 cases.



### European Court of Auditors

ECA reported twenty cases to OLAF. On the basis of these reports OLAF opened four investigations and reported one case to the EPPO.

OLAF and ECA staff participated in a series of meetings, training and events in 2023. One example being the special training by ECA on the Recovery and Resilience Facility (RRF).

The annual OLAF-ECA workshop attracted over 100 staff from OLAF and ECA. The hybrid event allowed participants to exchange views on issues, such as protecting the EU's financial interests in Ukraine; identifying red flags in Cohesion Policy; the implementation challenges of the RRF and the Common Agriculture Policy.

### European Parliament

OLAF continued to develop and maintain good relations with MEPs from different political groups and committees during 2023.



OLAF's Director-General and senior management made regular presentations in the Budgetary Control Committee (CONT) on OLAF's work to protect EU's financial interests. OLAF was represented in the Economic and Monetary Affairs, Civil Liberties, Justice and Home Affairs committees. OLAF's Director-General also met with key actors in the Parliament, including political parties on matters such as transparency and integrity, RRF and Rule



curity. The first arrangement outlines cooperation related to funds to Ukraine while the second strengthens cooperation in fighting customs fraud.

of Law. OLAF's annual inter-institutional exchange of views was hosted and chaired by the European Parliament. Discussion focused on how to make the EU anti-fraud architecture work at its best with regard to protecting EU funds in Ukraine and to explore how each EU anti-fraud actor contributes to the enforcement of EU sanctions against Russia and Belarus.

### Eurojust



OLAF and Eurojust signed a new Working Arrangement replacing the 2008 Practical Agreement on arrangements of cooperation. The arrangement enhances cooperation in the fight against fraud, corruption, environmental crime, intellectual property crime among other things. All planned actions in the Action Plan 2022-2023 were successfully implemented. OLAF also participated in a Joint Investigation Team (JIT) with Spanish and French law enforcement authorities and Eurojust concerning the illicit trade of live eels. The operation resulted in the seizure of 1.5 tonnes of live eels from clandestine incubators in France and Spain. In addition, 27 individuals were arrested and financial assets of €2 million were seized.

### Europol



OLAF and Europol new arrangement on sharing and protecting classified information came into force last year, significantly bolstering OLAF's ability to securely exchange vital intelligence. OLAF took part in Europol's Operation Sentinel, which provides a forum for intelligence sharing, information exchange and coordination of operations concerning the infiltration of organised crime into the economy by abusing the RRF. The operation involves the EPPO, Eurojust and 21 EU Member States. OLAF also participated regularly in Joint Police-Customs Operations with Europol.

### Cooperation across the world

Administrative cooperation arrangements (ACAs) help OLAF improve cooperation with partners in fighting fraud.

OLAF signed two ACAs with strategic partners in the United States of America. One with the Office of Inspector General of the International Development Finance Corporation and the second with the Department of Commerce's Bureau of Industry and Se-



OLAF's Director General travelled to Kyiv as part of a delegation headed by European Commissioner Johannes Hahn, during which visit he signed a cooperation arrangement with the State Audit Service of Ukraine which is also the officially nominated contact point for cooperation with OLAF.



OLAF signed a cooperation arrangement with the Group Internal Audit Vice Presidency of the World Bank Group strengthening cooperation with audit partners.



OLAF signed three cooperation agreements with the French National Council of Commercial Court Clerks (Conseil National des Greffiers des Tribunaux de Commerce, CNGTC), GIE Infogreffe and the Spanish Association of Registrars to gain access to national business registries.

OLAF also signed an Exchange of Letters on official cooperation between the Office and the Hungarian Integrity Authority to enhance cooperation between both offices.



Legal affairs, dealing with personal data

OLAF is committed to conducting its work as openly as possible in accordance with the applicable legal framework. This is especially the case when it comes to dealing with personal data.

OLAF ensures that it meets all the requirements set out in EU law regarding personal data, including the decisions and recommendations of the European Data Protection Supervisor (EDPS). These significantly impact how OLAF carries out its investigative activities, including inspections of premises, on-the-spot checks and the forensic examination of digital media.

OLAF has its own data protection officer and applies the highest data protection standards in accordance with EU Regulations on the protection of natural persons with regard to the processing of personal data by EU Institutions, bodies, offices and agencies and Commission Decision laying down internal rules concerning the processing of personal data by OLAF.

The Commission Decision sets out how OLAF informs data subjects of any activity on the processing of their personal data and how it handles their rights concerning access, rectification, erasure, restriction of processing and communication of a personal data breach.

OLAF staff receive regular data protection training sessions, specifically designed to cater for newcomers and aligned with the requirements of their roles. This approach ensured a sustained level of awareness and upheld consistent compliance with existing regulations. The Data Protection Officer (DPO) offered regular guidance and support to all staff as needed, particularly in the preparation and review of data protection records and associated privacy notices.

In 2023, OLAF received and handled 11 requests from data subjects. Seven requests related to access to personal data; three requests were for erasure; and one request was for erasure combined with objection to processing of personal data.

The EDPS requested OLAF, as data controller, for clarifications related to one complaint filed against the Office.

Resources

The priorities for HR management in OLAF focused on fully implementing the new working conditions decided at corporate level and the recruitment of specialised staff laureates of OLAF competitions in customs, direct expenditure, forensics and analysis. HR actions and recruitment have been implemented to ensure the operational capability of OLAF in new assignments (Ukraine and sanctions against Russia and Belarus related matters).

In 2023 OLAF completed its senior management team with the recruitment of the first ever Deputy Director-General of OLAF and a Principal Advisor to the Director-General.

OLAF redeployed posts and specialists to strengthen its performance. Adjustments required after the cuts of posts that were transferred to the EPPO continue to be managed.

To achieve this, OLAF worked in closely with DG HR to ensure that all HR processes run in a diligent and timely manner, including:

- Selection and on boarding of Officials, Temporary Agents, Contract Agents, Seconded National Experts, trainees and interims to meet OLAF's needs;
- Coordination of performance management, including promotion, certification, appraisal and reclassification exercises;
- Management and delivery of training sessions and events.

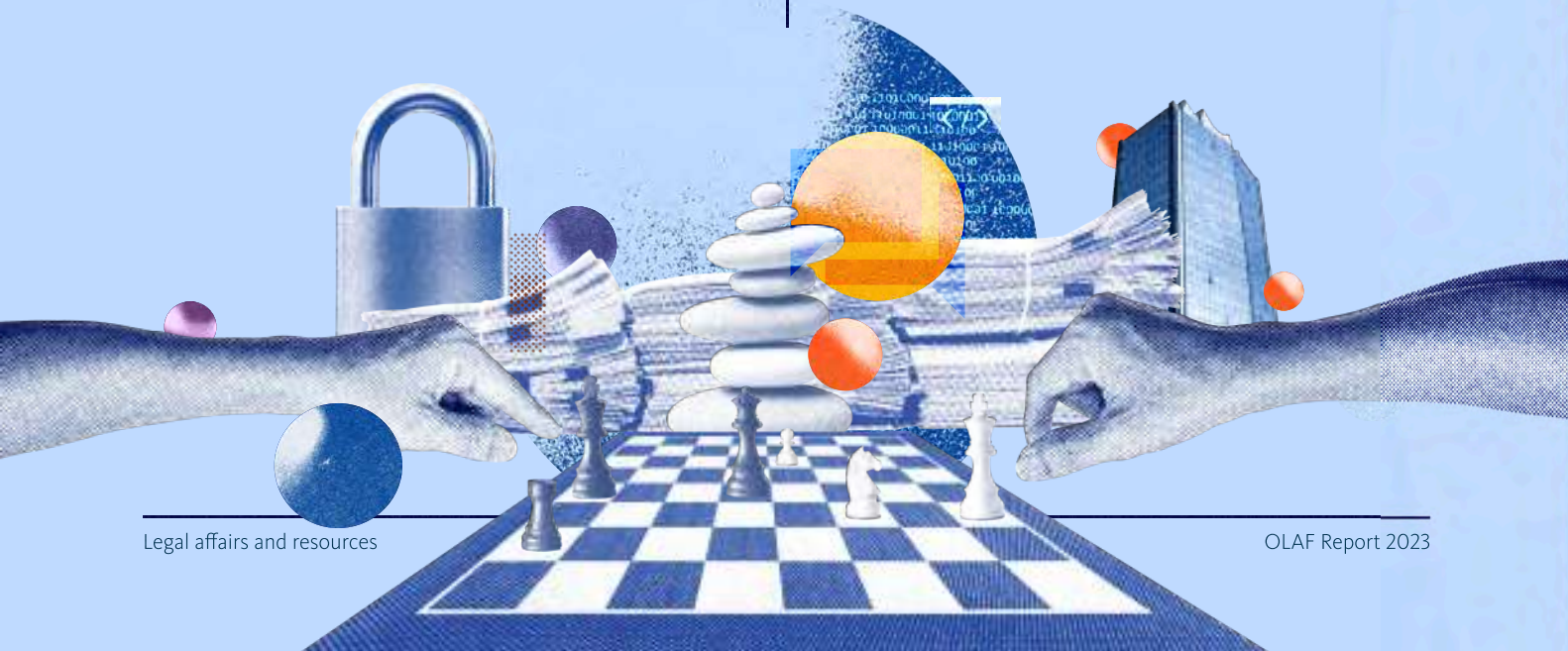
OLAF adapts to reflect the reallocation of resources, the new domains of activity and the reality of transnational fraudsters' activities. This led to redeployment of middle managers after the summer 2023, better matching background and skills with the needs of the Office.

In 2023, OLAF transferred 12 establishment plan posts to EPPO. At the end of the year, OLAF had 371 staff (316 establishment plan posts and 55 external staff).

The challenge for OLAF will be to maintain its high level of performance despite fewer resources and increasing workload and missions. The vacancy rate decreased at the end of 2023, when OLAF had 19 vacant posts compared to 23 posts at the end of 2022.

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The European Anti-Fraud Office is commonly known as OLAF, which is the acronym of its title in French, Office européen de lutte antifraude.

#### Communicating with OLAF

<http://olaf.europa.eu>

#### Reporting fraud to OLAF

[http://ec.europa.eu/anti-fraud/olaf-and-you/report-fraud\\_en](http://ec.europa.eu/anti-fraud/olaf-and-you/report-fraud_en)

#### Complaining about an OLAF investigation

[http://ec.europa.eu/anti-fraud/olaf-and-you/complaints-olaf-investigations\\_en](http://ec.europa.eu/anti-fraud/olaf-and-you/complaints-olaf-investigations_en)

#### Requesting information on OLAF

[https://ec.europa.eu/anti-fraud/contacts/general-contacts\\_en](https://ec.europa.eu/anti-fraud/contacts/general-contacts_en)

#### Media:

[http://ec.europa.eu/anti-fraud/contacts/media-enquiries\\_en](http://ec.europa.eu/anti-fraud/contacts/media-enquiries_en)

#### Mailing address:

European Commission/European AntiFraud Office (OLAF)/  
1049 Brussels, Belgium

#### Address for visitors:

European Anti-Fraud Office (OLAF)/Rue Joseph II 30/1000  
Brussels, Belgium



# Learn more on the **Digital** **OLAF** Report





