

# **Fight against fraud: protection of the Community financial interests, Hercule II action programme 2007-2013**

2006/0114(COD) - 23/07/2007 - Final act

**PURPOSE:** to establish the 2nd phase of the HERCULES programme to promote activities in the field of the protection of the Community's financial interests.

**LEGISLATIVE ACT:** Decision No 878/2007/EC of the European Parliament and of the Council amending and extending Decision No 804/2004/EC establishing a Community action programme to promote activities in the field of the protection of the Community's financial interests (Hercule II programme).

**BACKGROUND:** Decision 804/2004/EC of the European Parliament and of the Council established a Community action programme to promote activities in the field of the protection of the Community's financial interests (Hercules programme, please see [COD/2003/0152](#)).

The aim of the HERCULES programme is to ensure similar and efficient levels of protection of the Community's financial interests and the exchange of best practice. To this end, the programme provides grants for individual activities, such as studies, conferences or training, and provides operating grants for organisations active in this field, such as associations established to promote the protection of Community financial interests.

In accordance with Article 7(a) of Decision No 804/2004/EC, OLAF has drawn up a report on the implementation of the programme and the appropriateness of continuing it (Please refer to the follow up document of procedure [COD/2003/0152](#)). As the implementation report confirmed that the objective of the programme had been achieved, particularly in terms of improving the protection of the Community's financial interests, the conclusions of the report recommended the continuation of the programme from 2007 to 2013.

**CONTENT:** the Council adopted at first reading, **following an agreement with the European Parliament**, a Decision establishing a Community action programme to promote activities in the field of the protection of the Community's financial interests (Hercule II programme). This Decision amends and extends Decision No 804/2004/EC.

The new programme will cover all operational expenditure relating to the Commission's (OLAF's) general anti-fraud activities in a single basic act.

**Objectives of the programme:** at the request of the European Parliament, new objectives have been included. The programme shall promote activities according to the general criteria set out in the Decision. It will focus on the following objectives in particular:

- (a) enhancing transnational and multidisciplinary cooperation between Member States' authorities, the Commission and OLAF;
- (b) building networks throughout the Member States, acceding countries and candidate countries - in accordance with a memorandum of understanding - facilitating the exchange of information, experience and best practices, while also respecting the distinct traditions of each Member State;

- (c) providing technical and operational support for the law enforcement authorities of the Member States in their fight against illegal cross border activities, emphasising support for customs authorities;
- (d) without undermining operational effectiveness, striking a geographical balance by including, if possible, all Member States, acceding countries and candidate countries - in accordance with a memorandum of understanding - in the activities financed under the programme;
- (e) multiplying and intensifying the measures in the areas identified as the most sensitive, particularly in the field of cigarette smuggling and counterfeiting

The programme shall be implemented through certain specified activities, which include technical assistance for national authorities; training, seminars and conferences; and support through the development of certain IT tools.

Community funding may take the form of grants or public procurement contracts.

The following **bodies are eligible for Community funding** under the programme:

- (a) all national or regional administrations of a Member State or a country outside the Community, which promote the strengthening of Community action to protect the Community's financial interests;
- (b) all research and educational institutes that have had legal personality for at least one year, are established and operating in a Member State or in a country outside the Community, and promote the strengthening of Community action to protect the Community's financial interests;
- (c) all non-profit-making bodies that have had legal personality for at least one year, are established and operating in a Member State or in a country outside the Community, and promote the strengthening of Community action to protect the Community's financial interests.

**Eligible expenditure** includes expenditure in connection with the participation of representatives of the Balkan countries forming part of the stabilisation and association process for countries of south-eastern Europe, the Russian Federation, the countries covered by the European Neighbourhood Policy, and certain countries with which the Community has concluded an agreement for mutual assistance in customs matters.

**Applications for grants** for activities shall be assessed in the light of: the consistency of the proposed activity in relation to the objectives of the programme; the complementarity of the proposed activity with other assisted activities; the feasibility of the proposed activity, i.e. the real possibility that it can be carried out using the proposed means; the cost-benefit ratio of the proposed activity; the added utility of the proposed activity; the size of the public targeted by the proposed activity; the transnational and multidisciplinary aspects of the proposed activity; and the geographic scope of the proposed activity.

**Monitoring and evaluation:** the Commission (OLAF) shall provide annual information on the results of the programme to the European Parliament and to the Council. Information on consistency and complementarity with other programmes and activities at European Union level shall be included. An independent assessment of the implementation of the programme, including an examination of performance and the achievement of the objectives of the programme, shall be carried out by 31 December 2010. By 31 December 2014, the Commission (OLAF) shall present to the European Parliament and to the Council a report on the achievement of the objectives of the programme.

The programme is extended from 1 January 2007 and will end on 31 December 2013.

The financial envelope for the implementation of the programme for the period 2007 to 2013 shall be **EUR 98 525 000**.

ENTRY INTO FORCE : 26/07/2007.