

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

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The Commission presented this report which sets out the main results of the 2007-13 Hercule II Programme<sup>1</sup> adopted in 2007 to promote activities to protect the European Community's financial interests.

It is based on an independent evaluation commissioned by the European Commission's Anti-Fraud Office (OLAF).

To recall, the first Hercule Programme, established by Decision No 804/2004/EC, was dedicated to protecting the EU's financial interests by supporting the fight against irregularities, fraud and corruption affecting the EU budget. In 2007, it was succeeded by Hercule II with the adoption of Decision No 878/2007/EC, which amended Decision No 804/2004/EC. In 2014, the European Parliament and the Council adopted Regulation (EU) No 250/2014 on the Hercule III Programme for 2014-2020.

**Objectives of the Hercule II programme:** the general objective of Hercule II was to establish a Community action programme to promote activities designed to strengthen EU action with regard to the prevention and combating of fraud affecting the financial interests of the Union, including the fight against cigarette smuggling and counterfeiting, in particular:

- enhancing transnational and multidisciplinary cooperation between Member States' authorities, the Commission and OLAF;
- building networks throughout the Member States, acceding countries and candidate countries facilitating the exchange of information, experience and best practices;
- providing technical and operational support for the law enforcement authorities of the Member States in their fight against illegal cross-border activities;
- striking a geographical balance by including, if possible, all Member States, acceding states and candidate countries in the activities financed under the Programme;
- multiplying and intensifying the measures in the areas identified as the most sensitive, particularly in the field of cigarette smuggling and counterfeiting.

**Results of the evaluation:** the external evaluation concluded that the Programme reached the objectives which it set out to achieve, and thus delivered its intended impact. It also concluded that the three types of activity delivered complementary and sustainable results and that implementation was efficient and achieved the desired effects at reasonable cost. However, some areas for improvement were identified; these are listed below:

**(1) Impact of the programme:** this could be enhanced by ensuring more personal contacts between administrations, e.g. through staff exchanges. Funding for the costs related to staff exchanges are already eligible under the specifications for training and successful exchanges took place, e.g. between Italy and Bulgaria in 2010. The Commission will encourage and promote exchanges of staff at different levels of national and regional administrations in neighbouring Member States to improve cooperation on cross-border operations and investigations. In order to increase the cost-efficiency and quality of training funded

under the Programme, the Commission will examine other possibilities for training and staff exchange, such as closer cooperation within existing European networks of national forensic institutes and judicial training organisations.

**(2) Access to data:** distributing access to databases through national contact points has not ensured that all relevant Member State authorities benefit. As the access rights are limited, the national contact points have to prioritise when awarding access to national and regional administrations. The Commission will undertake a careful review of the current users' information requirements, together with an examination of the information sources available on the market in order to better match the former's requirements to the available information sources.

**(3) Equipment:** varying experiences as regards the efficiency of project management suggest that there may be advantages to be gained from sharing experience between Member States on the type of equipment used and how it is procured. The Commission selects applications on the basis of cost-efficiency and on several occasions it invited applicants to review the costs in the light of best practice and prices in other Member States, in particular for expensive equipment such as X-ray scanners or ANPRSs. It will further encourage the exchange of best practice, in particular in the context of cross-border projects combining several Member States' efforts to protect the Union's financial interests.

**(4) Monitoring:** the Commission's ability to monitor the results and impacts of the activities funded could be improved in order to better demonstrate the added value of Hercule funded actions in relation to the fight against and prevention of activities detrimental to the Union's financial interests, in particular **cigarettes smuggling and counterfeiting**.

**(5) Planning:** while efforts have been made to coordinate the planning of the different Union's programmes in the area of e.g. customs, more could be done to enhance cooperation between the Commission's services to benefit from synergies between programmes and to prevent overlaps. The Commission will continue its internal coordination activities to take advantage of synergies between Union Programmes and to prevent overlaps from occurring. Moreover, a further simplification and streamlining of activities needed for the implementation of the Programme will be examined to reduce efforts and costs for the Programme's beneficiaries as well as the Commission's services.