Evaluation of preventive measures for avoiding corruption, irregular spending and misuse of EU and national funds in case of emergency funds and crisis-related spending areas

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The European Parliament adopted by 553 votes to 29, with 115 abstentions, a resolution on the evaluation of preventive measures for avoiding corruption, irregular spending and misuse of EU and national funds in case of emergency funds and crisis-related spending areas.

The Recovery and Resilience Facility, with an envelope of more than EUR 670 billion, and REACT-EU, with an envelope of more than EUR 50 billion, are powerful tools to help EU countries recover.

NextGenerationEU is a temporary recovery instrument of some EUR 800 billion in current prices set up to support the EU's recovery from the COVID-19 pandemic.

The public health crisis caused by the pandemic, combined with the resulting economic emergency, risks encouraging fraud and corruption as well as non-fraudulent irregularities, particularly in public procurement, economic recovery measures and public organisations.

Measures to address the risks of corruption and misuse of EU funds

Parliament highlighted that the pressure to provide relief and the urge to use the resources in the shortest time possible could result in **increased risk of corruption, fraud and other irregularities**, and that such a situation requires efficient preventive measures and control management processes. Therefore, all procurement procedures should meet the highest standards of openness, transparency and accountability.

The Commission and the Member States are invited to include in their respective national anti-corruption strategies **targeted measures dedicated to spending public money in times of crisis**. In this respect, Members stressed that the rules on the protection of the Union's financial interests should also apply in the case of emergency support and emergency support instruments such as REACT-EU and the Recovery and Resilience Facility (RRF). They reaffirmed the essential role of the Parliament in monitoring the recovery programme and the obligation for the Commission to inform it regularly on its implementation.

Parliament considered that emergency measures must **respect the rule of law and the principles of proportionality and necessity**, must be time-limited and regularly scrutinised for their impact. Concerned that the implementation of transparency, control and anti-corruption reforms has met with resistance in some Member States, it stressed that conflicts of interest affecting legislators and state officials must be avoided and that Member States must put in place robust anti-corruption frameworks.

The resolution stressed the importance of **ex-ante controls** on the traceability of funds, the crucial role of civil society organisations and investigative journalists in exposing corruption, and the need to provide safeguards for civil society's **critical monitoring role**.

The Commission is asked to closely monitor potential risks to the EU's financial interests and not to make any payments if criteria related to measures to prevent, detect and correct corruption and fraud are not met. Members called for absorption not to be given priority over considerations of performance, value for

money and European added value of programmes. Member States are called on to **integrate corruption risk assessments** throughout programme design and delivery phases, in the areas of economic stimuli and subsidies.

Identifying beneficiaries of EU funds

Parliament stressed that beneficiaries must be identifiable in all Member States and across all funds, including those under direct and shared management. It called for the establishment of a **single, interoperable database** listing the direct final beneficiaries of EU grants. It also called for the use of instruments such as the Early Detection and Exclusion System (EDES), the Arachne database and the Irregularity Management System (IMS), to effectively identify problematic economic operators and individuals linked to them in direct and indirect management.

Furthermore, Members consider that the relevant information on all public contracts (using public funds) should be **made available to the public**, published on a dedicated website and with the minimum of redaction, in full compliance with data protection and other legal requirements.

The Commission is invited to:

- propose a **revision of the Financial Regulation** to include a strong legal basis for imposing the use of standardised and open data in public procurement, and to make IT budget control systems mandatory, public and interoperable with national databases;

- evaluate, with a view to defining good practices for future crises, the effectiveness of the **joint procurement agreement** and the rescEU stockpiling of medical equipment;

- promote the **harmonisation of definitions of corruption offences** at EU level in order to have comparative data from across the EU on the handling of corruption cases.

The resolution stressed the need for collaboration between the European Public Prosecutor's Office and other EU bodies such as Eurojust, Europol and OLAF when conducting investigations and prosecutions under their respective mandates. It also called for more effective **international cooperation** on the taking of evidence, mutual recognition, service of documents, confiscation of the proceeds of crime and freezing of assets.

Parliament believes that a **centralised information and monitoring system** should include requirements for public procurement, with EU-wide, country-by-country, publicly accessible data obliging contractors and contracting authorities to report systematically on project-specific data, progress towards intermediate objectives and direct and final beneficiaries, to ensure effective controls and audits.