



## T.2.4 ECONOMIC DATA ANALYSIS

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### *Preamble*

This report aims to explore the mandate, functions, structure and operation of EPPO, in particular, its role in the protection of the EU's financial interests and its impact on EU integration. In fact, it's a prior interest of EU Member States to prevent European resources from being attacked and dispersed. As will be explained later, many are the criminal behaviours that harm EU financial interests. Answer the questions necessary to fulfil the requirements of the task T.2.4. allow us to understand the concrete impact of EPPO's activity , as will be seen below.

## ***EPPO's competence regard PIF offence: analysis***

5.149 are the PIF offences under active investigations by European delegated prosecutors pursuant to Article 22 §1 EPPO regulation, with an increase of 44% compared to 2023, In 2023, in fact, PIF offences under active investigations were 3.572, with an increase of 96.6% compared to 2022 when there were 1.817.

Italy is EU member states with more PIF offences under active investigations in 2022, 2023 and 2024 (702 cases in 2022, 1.993 cases in 2023 and 2.620 cases in 2024 with an increase of 184% between 2022 and 2023 and an increase of 31.4% between 2023 and 2024) followed by Romania (211 cases in 2022, 477 cases in 2023 and 711 cases in 2024, with an increase of 126% between 2022 and 2023 and an increase of 49% between 2023 and 2024) and at the third place we find Germany (319 cases in 2022, 396 cases in 2023 and 502 cases in 2024, with an increase of 24.4% between 2022 and 2023 and an increase of 26.7% between 2023 and 2024).

The PIF offence that is most frequently investigated is the non-procurement expenditure frauds, in fact there were 679 cases in 2022, 1.486 cases in 2023 and 2.105 cases in 2024, with an increase of 54.3% between 2022 and 2023 and an increase of 41.6% between 2023 and 2024), followed by VAT revenue frauds (427 cases in 2022, 873 cases in 2023 and 1.287 cases in 2024, with an increase of 104.4% between 2022 and 2023 and an increase of 47% between 2023 and 2024), at the third place there we can find non-VAT revenue frauds (236 cases in 2022, 405 cases in 2023 and 480 cases in 2024, with an increase of 71.6% between 2022 and 2023 and with an increase of 18.5% between 2023 and 2024)

These results are partially confirmed by another examination such as the investigation about the specific importance calculated considering the percentages, as we can see the non-procurement expenditure frauds count 37.4% in 2022, 41.6% in 2023 and 40.8% in 2024, followed by VAT revenue frauds counts 23.5% in 2022, 24.4% in 2023 and 25% in 2024 and finally non-VAT revenue frauds that count 13% in 2022 and 11.4% in 2023, while in 2024 the third-place concerns procurement expenditure frauds (11.5% in 2024 against 9.3% for VAT revenue frauds).

The following paragraphs will provide a detailed analysis of the main PIF offences.

### ***Procurement expenditure frauds***

This type of fraud was seriously investigated by European delegated prosecutors (8.5% in 2023 and 9.3% in 2024 was the importance of this category, considering the percentages) and regulated by article 3 §2 (b) Directive 2017/1371/EU.

This type of fraud appears as unlawful handling of tender procedures institute from Directorates-General of the EU Commission. The principal schemes include:

- Submission of false declaration in tender procedure, including false declarations through false documents, concealment of penalties, concealment of insolvency or incorrect declaration of the qualification of consortium members, to falsely appear to meet the tender requirements;
- Submission of false documents to conceal the quality of the works or materials used agreed in the contract (for example, breach of technical requirements, lack of necessary environmental permits or use of inferior materials) or submission of invoices for ineligible expenses (e.g. expert fees) or



for services not actually provided (works not carried out);

- Collusive tendering, particularly in sectors with limited competition or specialist skills, manipulation of tendering procedures or unlawful “favouritism” (e.g. influencing selection boards and concealing conflicts of interest) in relation to public procurement, award the contract to a specific economic operator;
- Intentional splitting of the tender by the managing authority into several procedures, allowing the same beneficiaries to avoid evaluation by EU commission;
- Underuse and manipulation of e-procurement tools, with selective disclosure of information or circumvention of systems for smaller contracts, limiting transparency;
- Failure to investigate or resolve abnormally low bids, allowing contracts to be awarded to certain companies despite clear grounds for exclusion, such as sanctions or bankruptcy;

For each EU member states were increased the investigations about the PIF offence mentioned above. EU member states with more increased investigation in this type of fraud regards Romania with its 66 cases in 2022, 142 cases in 2023 and 239 cases in 2024 with an increase in percentage equal to 115% between 2022 and 2023 and 68.3% between 2023 and 2024. Romania was followed by Bulgaria with its 45 cases in 2022, 81 cases in 2023 and 103 cases in 2024 with an increase of 80% between 2022 and 2023 and an increase of 27% between 2023 and 2024. Finally, at the third place, we can find Italy with 6 cases in 2022, 33 cases in 2023 and 53 cases in 2024 with an increase of 450% between 2022 and 2023 and an increase of 60.6% between 2023 and 2024

No EU member state had any cases of fraud related to procurement expenditure except Luxembourg in 2022 and 2023. This type of fraud had the most significant in percentage in Latvia and Romania: around 32.8% - 34.8% in 2023- 24 for Latvia and 28.7% - 29.7% in 2023- 24 for Romania, also Bulgaria had the same percentage of Romania.

It should be noted that Bulgaria and Romania are among the countries with the highest corruption perception index in Europe, ranking 76th and 65th out of 180 countries respectively.

Instead, Germany and Italy, which are among the countries with the highest number of investigations by the European Public Prosecutor's Office, the offence referred to in Article 3(2)(b) Directive 2017/1371/EU has a minimal incidence ranging from 0.3% and 1% in Germany in the years 2022-23-24 and 0.9% and 2% in Italy in the years 2022-23-24.

### ***Non procurement expenditure frauds***

This type of fraud was investigated, in these years, in a very significant manner (34% in 2023 and 33% in 2024) by the european delegated prosecutors in every EU member states that participate in this cooperation.

This type of fraud is committed through the use or presentation of false, incorrect or incomplete statements or document, resulting in the misappropriation or unlawful retention of funds or assets from the EU budget or budgets managed by or on behalf of the EU, and its disciplined by Article 3 §2 (a) Directive 2017/1371/EU. These includes EU financial aid, subsidies, funds.

The principal schemes include:

- Ask EU subsidies through false declarations or counterfeit documents, including expert



certificates, to satisfy specified requisites for the subsidies (e.g. eligibility and exclusion criteria). This may include concealing disqualifying circumstances, such as previous criminal convictions, or creating artificial circumstances to meet eligibility conditions, as overstating the size or quality of eligible agricultural land);

- Submitting inflated additional costs, false declarations relating to the payment of experts or subcontractors, false attendance records for workshops or training programmes, or false invoices to artificially increase the price of purchased equipment, to claim higher EU subsidies;
- Claiming refunds for services that haven't been provided or that are below the agreed standards (e.g. subsidies provided for non-existent training or employment assistance services);
- Requesting and receiving double funding, whereby an activity is fraudulently funded several times by different authorities (often in different Member States), which are unaware of the contributions paid by the others;
- Manipulating financial statements (e.g. by falsifying personnel costs) to increase the amount of payments received.

This category of fraud is primarily investigated by the European Delegated Prosecutors and has been the subject of a steadily increasing number of active investigations since 2022. Among EU Member States, Italy has recorded the highest number of ongoing investigations: 246 cases in 2022, rising to 671 cases in 2023 and further to 879 cases in 2024. This represents a percentage increase of 172.8% between 2022 and 2023, followed by a further increase of 31% between 2023 and 2024. Italy was followed, by Romania with its 82 cases in 2022,

197 cases in 2023 and 339 cases in 2024, with an increase of 140.2% from 2022 to 2023 and 72% from 2023 to 2024, and Bulgaria with 94 cases in 2022, 143 cases in 2023 and 174 cases in 2024, with an increase of 52.1% from 2022 to 2023 and an increase of 21.7% from 2023 to 2024.

As regards the share of fraud offences related to non-procurement expenditure in relation to the total number of investigations conducted by the EPPO, a country-by-country analysis shows that this category accounts for a very high proportion of cases. In fact, approximately 31.1% in 2022, 34% in 2023 and 33.2% in 2024 was the importance in percentage of these type of fraud. Austria and Estonia, respectively, with 69.3% of active investigations by austrian european delegated prosecutors in 2023 and 74% in 2024 and with 82.3% of active investigations by estonian european delegated prosecutors in 2023 and 51.5% in 2024, were EU member states with the higher incidence in percentage of this fraud.

### ***The funds that make up the EU budget: the most profitable and therefore the most vulnerable to fraud***

EU funds most affected by frauds regards, first of all, common agricultural policy (CAP). In the Multiannual Financial Framework 21-27, the planned expenditure for the CAP is estimated at approximately 370 billion euros. These noteworthy resources are so subdivided: financial allocation equal to 290 billion euros for the FEAGA and 95.5 billion euros, of which 8 billion euros by Next Gen EU, for the FEASR. These are funds that, due to their size, are particularly vulnerable to fraud, as highlighted by the figures relating to investigations carried out by EPPO, in particular there was 231 active investigations regarding the frauds about these funds, in 2022, 319 active investigations in





INRRP attracted the attention of mafia, as confirmed by Italian European delegated prosecutors, 9 active investigations in 2022, 179 active investigations in 2023, 228 active investigations in 2024, with an increase of 1.889% between 2022 and 2023, with an increase of 27.4% between 2023 and 2024.

At the bottom of the list of funding frauds most actively investigated by EPPO are frauds relating to migration and border management programmes with a financial impact of 26 billion of euros, which includes, among others, the Asylum, Migration and

Integration fund (AMIF) and the Integrated Border Management fund (IBMF): 5 cases in 2022, 7 cases in 2023 and 11 cases in 2024 with an increase of 40% between 2022 and 2023 and an increase of 57% between 2023 and 2024. Regarding the latter programme, the defence and internal security sector will need to be monitored closely in the coming years following the EU's militaristic shift. The EU's defence and security sector is expected to grow significantly in the coming years, with the EU's military capabilities set to increase substantially.

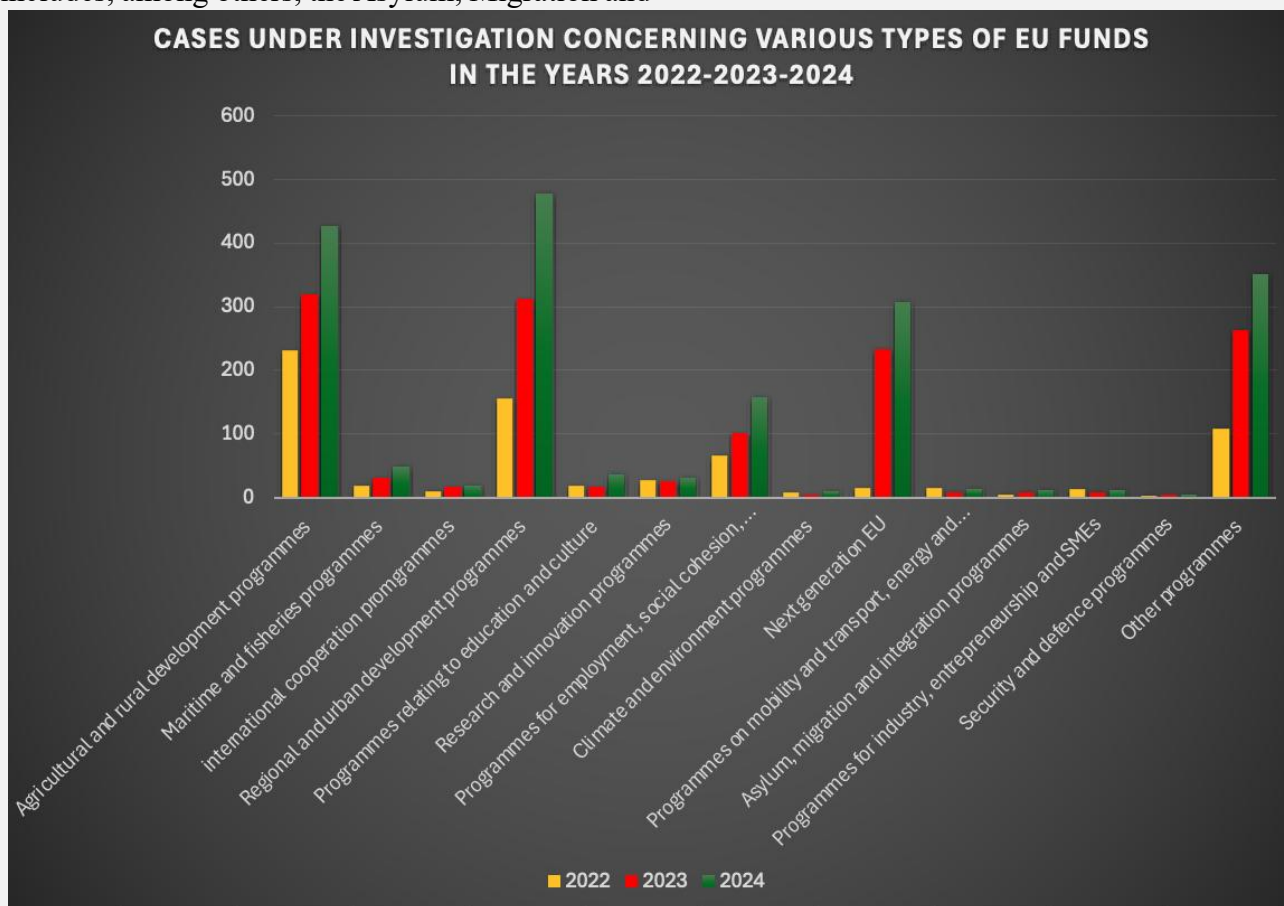


Figure 1

## *VAT revenue frauds*

Not all fraud involving revenue from the EU's own resources derived from value added tax (hereinafter, "VAT fraud") falls within the jurisdiction of the EPPO. Article 22(1) of the EPPO Regulation establishes two cumulative conditions for the existence of material jurisdiction: first, the fraud must involve at least two EU Member States; second, it must result in total damage of at least EUR 10 million. Where this financial threshold is not met, the offence falls within the jurisdiction of the national public prosecutor's office, unless it constitutes an offence that is inextricably linked to a PIF offence falling within the jurisdiction of the EPPO.

There are many types of conduct used for this fraudulent purpose, the most significant of which, as illustrated in the latest report EPPO for 2024, are as follows:

- Acquisition fraud and carousel fraud committed by criminal organisations through multiple multifunctional companies aimed at VAT evasion and money laundering deriving from other crimes;
- Margin fraud scheme involving the fraudulent reduction of taxation on the profit margin rather than the sale price, using false invoices for second-hand goods;
- Cross-invoicing, which consists of concealing VAT debt through artificial VAT credits generated by domestic transactions;
- E-commerce fraud;
- VAT fraud through abuse of customs 40 or 42 with VAT deferral, in which fictitious companies are set up solely to "absorb" the VAT due, thus avoiding payment of VAT on the trade in goods;

- VAT fraud committed by private individuals using "shell" companies that issue invoiced for non-existent transactions in relation to the importation into the EU of goods produced in EU countries;

- VAT fraud causing damage of less than 10 million euro but constituting offences inextricably linked to fraudulent schemes involving customs duties. Often these two offences are committed through the same acts.

As shown in Figure 2, the number of VAT fraud cases investigated by the EPPO has fluctuated over time. From a quantitative perspective, these amounts differ significantly from those relating to fraud connected with, or unrelated to, procurement. Italy and Germany are the EU Member States with the highest number of EPPO investigations into VAT fraud.

Into details, in 2022, 157 investigations were carried out in Italy into VAT fraud, 469 cases in 2023, an increase of 198.7% from 2022 to 2023. In 2024, on the other hand, there were 715 cases under investigation, an increase of 52.4% from 2023 to 2024. Germany, nevertheless, carried out 209 investigations in 2022 and 266 cases in 2023, an increase of 27.3% from 2022 to 2023. In 2024, however, there were 368 cases under investigation, with an increase of 38.3% from 2023 to 2024. Unlike Italy, however, Germany invests most of its efforts in combating VAT fraud, as will be discussed later.

The percentage incidence is much higher in Germany than in Italy, which is more inclined to tackle other types of fraud as well.

Anyone of the EU member states could maintain the same standard of investigation. As an example, Portugal is the third EU member states after Italy and Germany for VAT fraud under investigation,

but data are very different: 8 cases in 2022, 31 cases in 2023 with an increase of 231% between 2022

and 2023 and 42 cases in 2024, with an increase of 35.5% between 2023 and 2024.

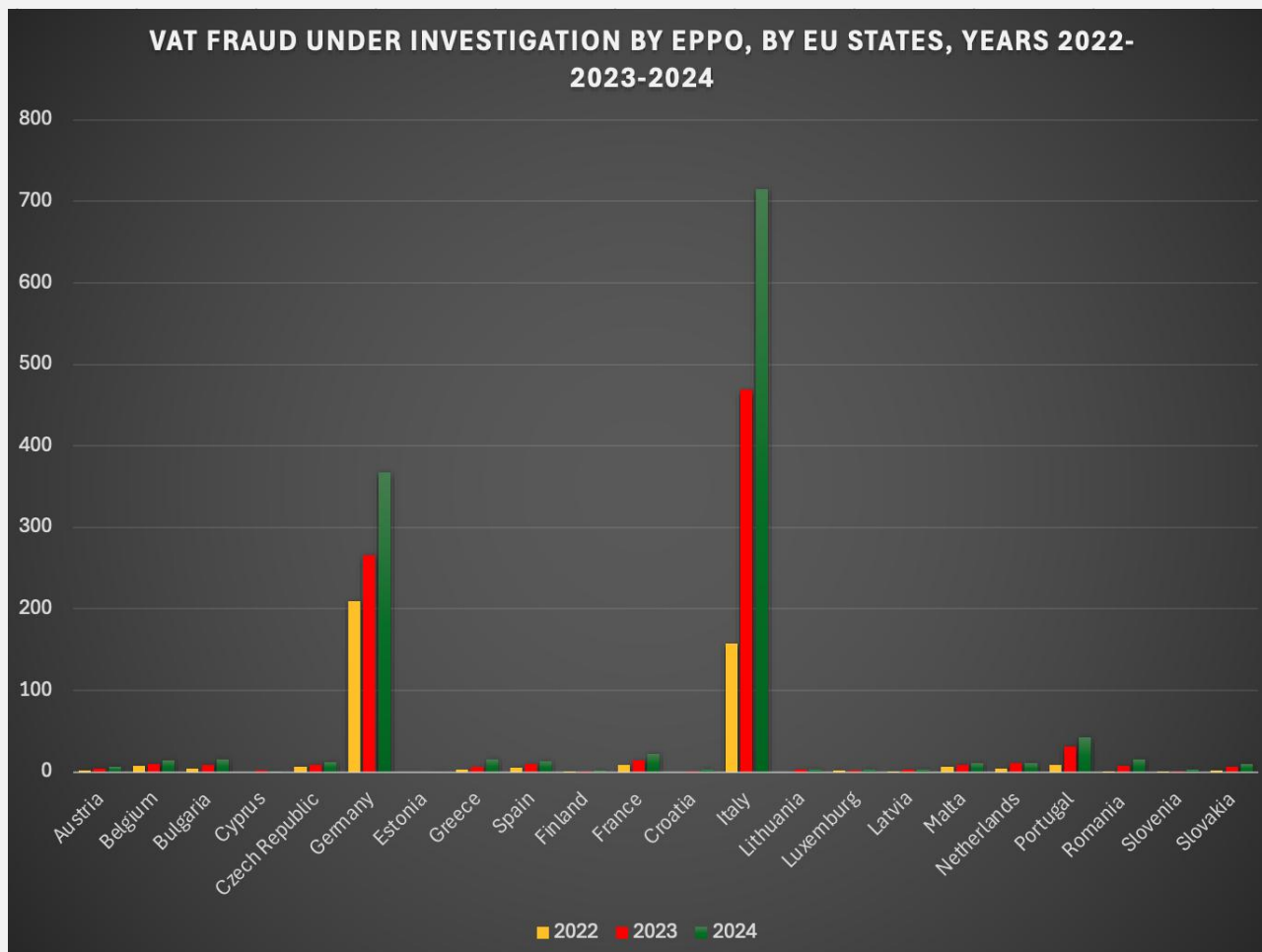


Figure 2

Although VAT revenue frauds are not the most frequently investigated offences by the European Delegated Prosecutors, as that position is currently held by fraud involving non-procurement expenditure, VAT revenue frauds cause the greatest damage to the European Union’s financial interests.

Germany is the EU member states where this type of fraud has a higher incidence in percentage: 65.52% in 2022, 67.17% in 2023 and 56.70% in 2024. In Italy, instead, the percentage incidence is much lower: 22.36% in 2022, 23.53% in 2023 and

27.29% in 2024. From the Figure 3, we notice as a small EU member state as Malta, which conducts 50 – 60 investigations into PIF offences each year, of these the impact of VAT fraud is significant regarding percentage incidence: 30% in 2022, 27.58% in 2023, 20.75%.

Finally, Eastern EU countries, as an example Bulgaria and Romania, are particularly committed to struggle against expenditure frauds, nevertheless this struggle is absence regarding VAT fraud. Indeed, data are clear: 0.47% in 2022, 1.46% in 2023,

1.80% in 2024 for Romania and 2.07% in 2022, 3.19% in 2023, 4.21% in 2024 for Bulgaria.

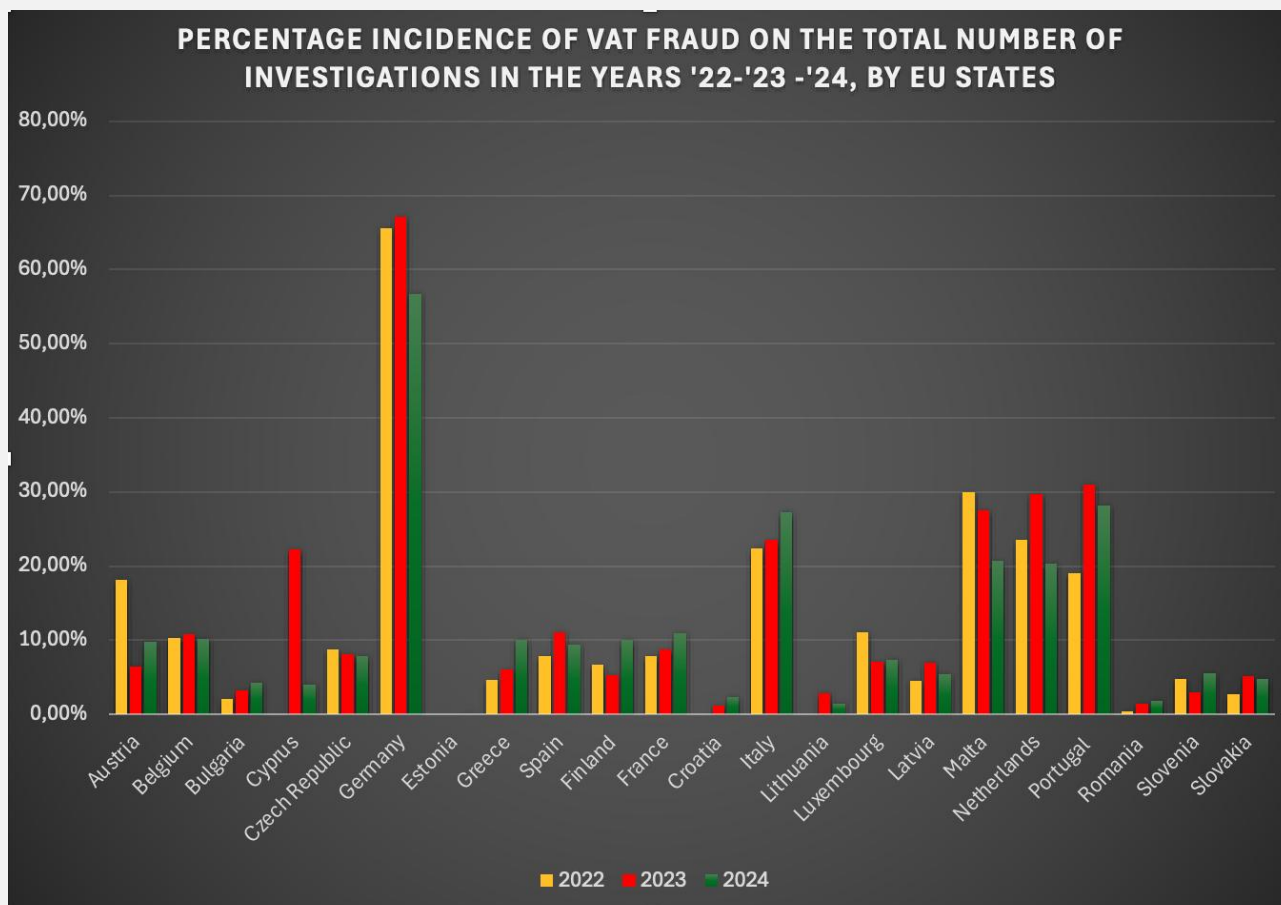


Figure 3

### Financial impact of VAT frauds

Thanks to EPPO, we could quantify the tax revenue lost because of VAT fraud. In 2022, EPPO has estimated in 6.7 billion euros the damage to EU financial interests resulting by VAT fraud falling within the competence of the European Public Prosecutor's Office. However, tax revenue losses are steadily increasing from around 6.7 billion euros to 11.5 billion euros in 2023, with an increase of 83.3% between 2022 and 2023 and 13.15 billion euros in 2024, with an increase of 18.2% between 2023 and 2024.

Figure 4 illustrates the share of VAT fraud amounts in relation to the total estimated damage to the EU's financial interests. These data are particularly significant, as the financial impact of VAT fraud accounts for at least 50% of the total damage resulting from PIF offences. Estonia is the only Member State in which the financial impact of VAT fraud was estimated at 0% over the three-year period 2022–2024. In Croatia and Lithuania, the financial impact of VAT fraud was likewise estimated at 0% in 2022. However, these amounts should be interpreted with caution, as they are influenced by the



fact that 2022 represents the first fully operational year of the EPPO.

As already mentioned, for EU eastern states, financial impact of VAT frauds is very scarce, except Bulgaria in 2024 (in fact, there has been a shift from 0.53% - 3.19% in two-year 2022-2023 to a incidence percentage of 39.20% in 2024). These data confirmed that these countries need to step up their efforts to combat VAT fraud. Even more worrying are Romanian data with a percentage incidence that varied from 0.15% to 7.59 from 2022 to 2024.

From a quantitative point of view, for Bulgaria this means a financial impact that has changed from 2.6 million euros in 2022 to 443 million euros in 2024, while for Romania, the financial impact translates into 3 million euros in 2022 out of 2 billion euros in estimated damage, rising to 195 million euros out of 2.57 billion euros in 2024.

It is important to note that these substantial tax revenue losses refer exclusively to active investigations conducted by the European Public Prosecutor's Office and do not consider losses attributable to the underground economy.

The higher percentage incidence of the financial impact of VAT fraud compared to the overall financial impact of PIF offences under investigation is found in Austria, where the trend is actually on the rise from 95.5% in 2022 to 96.02% in 2024, which economically translates into a tax loss of 373.8 million euros out of 391.4 million euros in estimated total damages in 2022, compared to 735.5 million euros out of 766 million euros in estimated total damages for PIF offences under active investigation in 2024. Also worthy consideration is Malta outcome, where the impact is growing: from 57.09% in 2022 to 70.56% in 2024, equal to 70.5 million euros out 123.5 million euros in 2022 to

current 128 million euros out of 181.4 million euros in 2024.

However, Italy and Germany deserve special mention. As highlighted in the previous paragraphs, Germany is almost exclusively focused on combating VAT fraud, an inference that is also confirmed by the percentage incidence of their financial impact: 83.33% in 2022, 87.14% in 2023 and 77.80% in 2024, which from an economic point of view corresponds to a tax revenue shortfall of 1.5 billion euros out of 1.8 billion euros in 2022, 2.44 billion euros out of 2.8 billion euros in 2023 and 3.89 billion euros out of 5 billion euros in 2024.

Italy, instead, is committed to fight PIF crimes on multiple fronts, but the financial impact of VAT fraud is unparalleled, confirmed both in terms of percentage incidence and economically: 84.34% in 2022, 70.73% in 2023, 65.96% in 2024, which from an economic point of view corresponds to tax revenue shortfall of 2.7 billion euros out of 3.2 billion euros in 2022, 5.22 billion euros out of 7.38 billion euros in 2023 and 4.65 billion euros out 7.05 billion euros in 2024. These are truly significant figures.

Finally, Greece, Luxembourg and the Czech Republic are the EU countries that experienced a negative trend in the percentage incidence of the financial impact of VAT fraud in the three-year period 2022-2024. In Greece, its impact fell from 56.23% in 2022 to 28.60% in 2024 which translates into 227.5 million euros out 404.6 million euros in estimated damages in 2022 to the current 489 million euros out of 1.71 billion euros in 2024. In Luxembourg, the decline was even more significant, falling from 84.03% in 2022 to 23.81% in 2024, in other words, 20 million euros out of 23.8 million euros in estimated damages in 2022 to the current 40 million euros out of 173.8 million euros in 2024.

Lastly, in the Czech Republic, there was a change from 75.27% in 2022 to 39.02% in 2024, or 207.7 million euros out of 275 million euros in 2022 to

the current 304 million euros out of 779 million euros in estimated damages resulting from PIF offences under investigation in 2024.

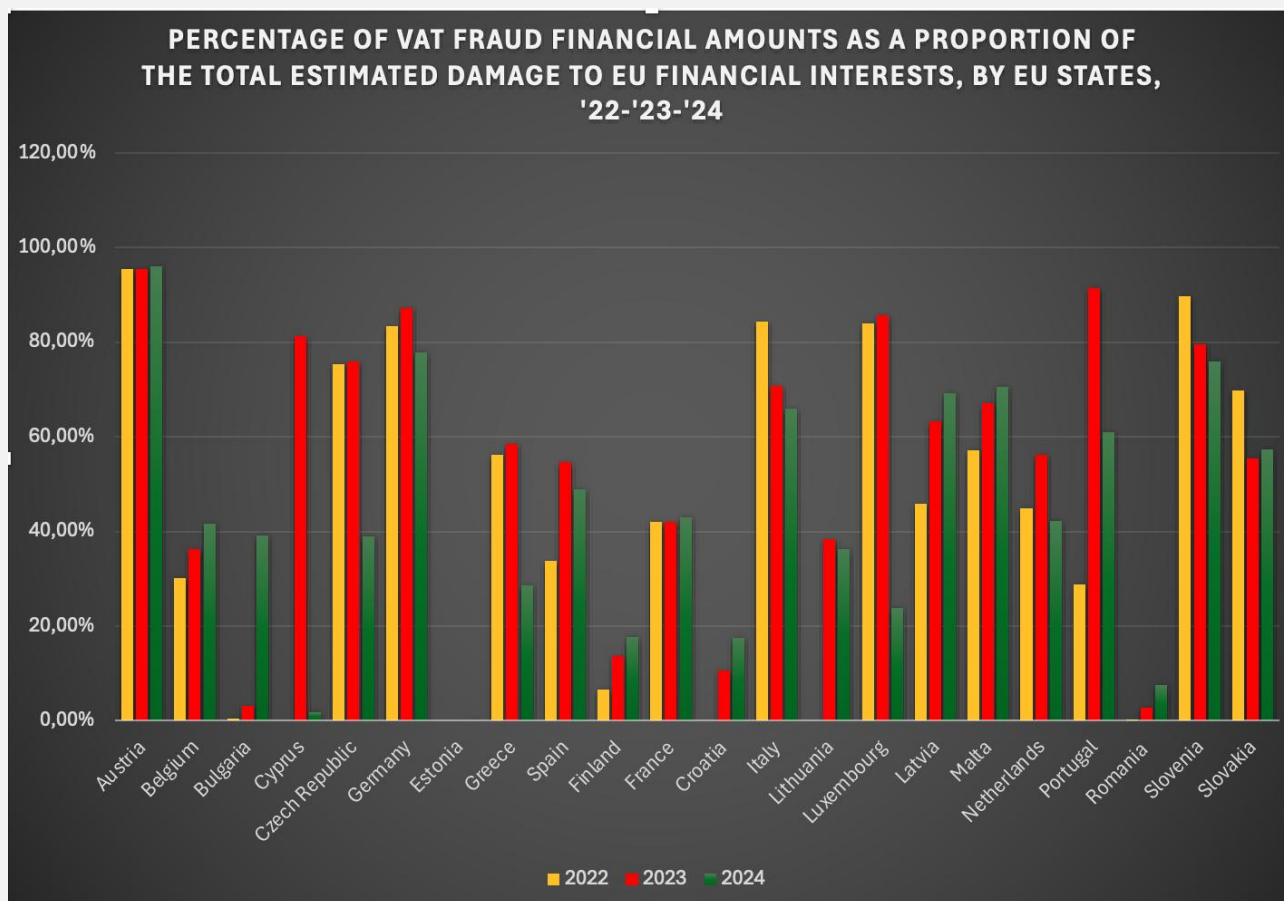


Figure 4

### ***Non-VAT revenue frauds***

This is the last PIF offence that will be discussed in this report. It's the PIF offence provided in the Article paragraph 2 letter c) of Directive (EU) 2017/1371. These are frauds affecting non-VAT revenue, in particular frauds relating to customs duties and anti-dumping duties, committed mainly through the use or presentation of false, inaccurate or incomplete declarations or documents.

The principal schemes of these type of fraud are:

- Inaccurate customs declarations and false invoices to avoid customs duties and anti-dumping duties. The value of imported goods is underestimated, and the manufacturer or exporting country is incorrectly indicated;
- False import declarations to customs regarding assembly operation on imported goods to avoid customs duties;
- Abuse of customs procedure 42, when the conditions relating to the customs declaration



aren't met or the content of the customs declaration isn't correctly indicated.

### ***About customs procedure 42***

This procedure is provided in article 143 of Directive (EU) 2006/112. It allows an entrepreneur to obtain a VAT exemption (the transaction is taxable as it's not outside the scope of VAT and therefore the formal obligations must be fulfilled) when goods are imported from non-EU countries into a Member State and subsequently transferred to a second Member State. VAT is payable in the Member State of destination. However, in the absence of controls there is a risk that the goods will remain in the Member State of import without VAT being paid or that the good will be sold in the EU Member State of destination without VAT being collected.

Italy was one of the first EU Member States to adopt concrete measures to limit fraud concerning customs regime 42, namely through Article 6 of Legislative Decree 141/24, which introduced an anti-evasion measure. The legislator introduced paragraph 2 quarter into Article 67 of the Presidential Decree on VAT, requiring a suitable guarantee in order to benefit from the above regime, namely a deposit equal to the amount of the suspended tax, which will be forfeited if, within 45 days of the release of the goods, the documentation required by Regulation EU 2013/952 isn't produced or the actual transfer of the imported goods to another EU Member State hasn't been demonstrated.

The following paragraph immediately highlights a key finding, namely the relatively small number of investigations conducted by the EPPO into this specific category of fraud. Although the number of cases remains limited when compared to other forms of fraud affecting EU revenue or expenditure, the data show a clear upward trend. According to EPPO reports, there were 236 investigations in 2022, increasing to 405 active investigations in 2023, which represents a rise of 71.6% year on year. In 2024, the number of active investigations further increased to 480, corresponding to an additional growth of 18.5% compared to 2023.

A curious fact is that France, despite being a crucial Member State of EU, doesn't always prove to be efficient in combating PIF crimes. However, this type of fraud is the second most investigated by French European delegated prosecutors, preceded only by fraud related to non-procurement expenditure.

In fact, while there were 35 active cases in 2022, there were 42 in 2023, an increase of 20% from 2022 to 2023. This figure remained essentially constant in 2024, with 45 active cases. Only Cyprus and Estonia didn't identify any cases of fraud affecting non-VAT revenue in this three-year period. Italy was once again the most active Member State with 80 active cases in 2022, 214 active cases in 2023, an increase of 167.5% from 2022 to 2023, and 235 active cases in 2024, an increase of 9.8% from 2023 to 2024.

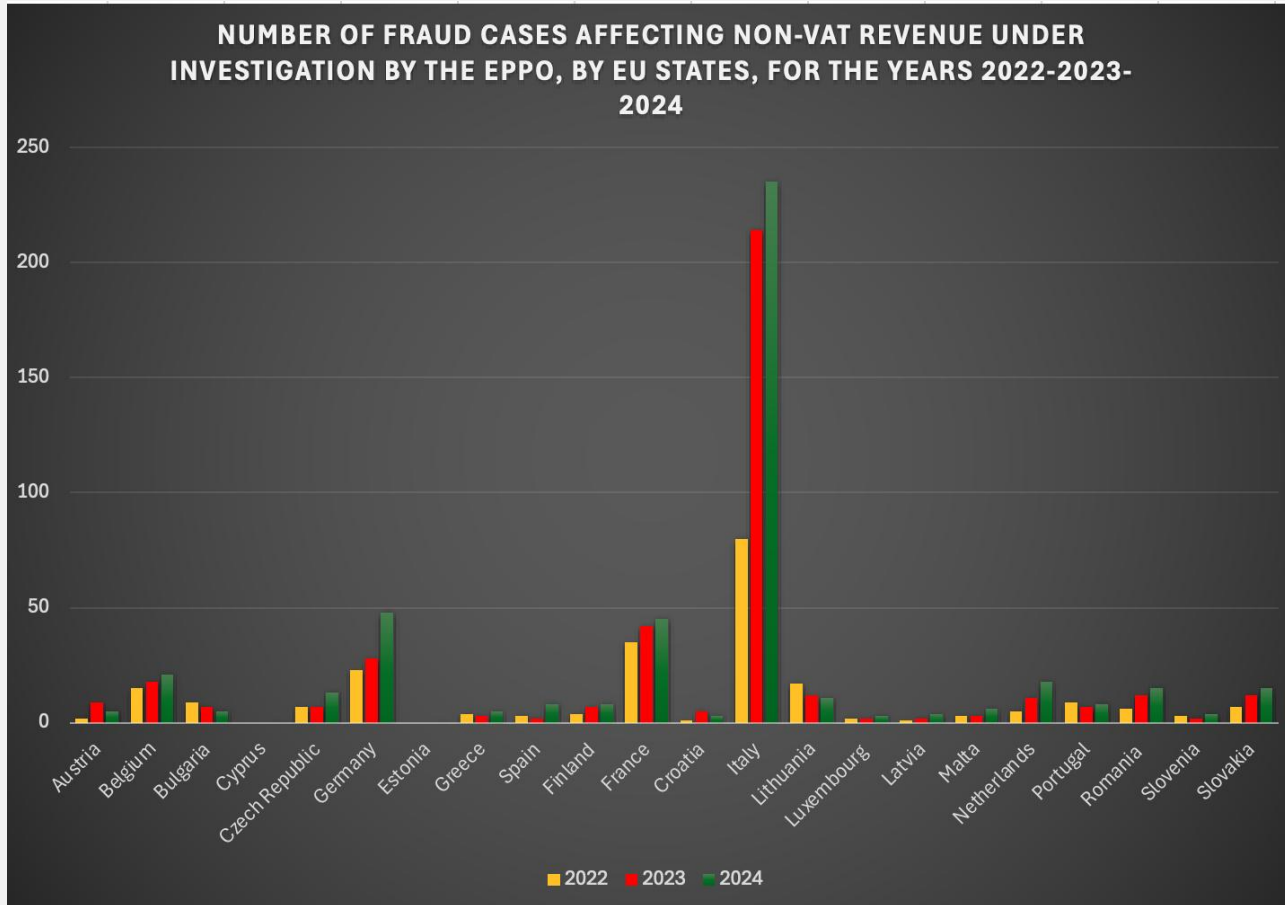


Figure 5

The percentage incidence of the PIF offence referred to non – VAT fraud on the total number of EPPO investigations carried out is significant in Finland, with steady growth over the last three years: 26.67% in 2022, 36.84% in 2023, 40% in 2024, but also in France, which, despite the difficulties encountered by French European delegated prosecutors in conducting investigation into other PIF offences, is particularly active in fighting non – VAT fraud: 34.31% in 2022, 26.41% in 2023, 22.39% in 2024.

Italy, despite being the Member State with the highest number of active cases, as shown in the Figure 5, shows a downward trend: 11.40% in 2022, 10.73% in 2023 and 5.76% in 2024. Finally, it's worth noting the position of the Netherlands, where this type of fraud is particularly significant, accounting for 29.41% of all investigation in 2022, 29.72% in 2023 and 33.33% in 2024.

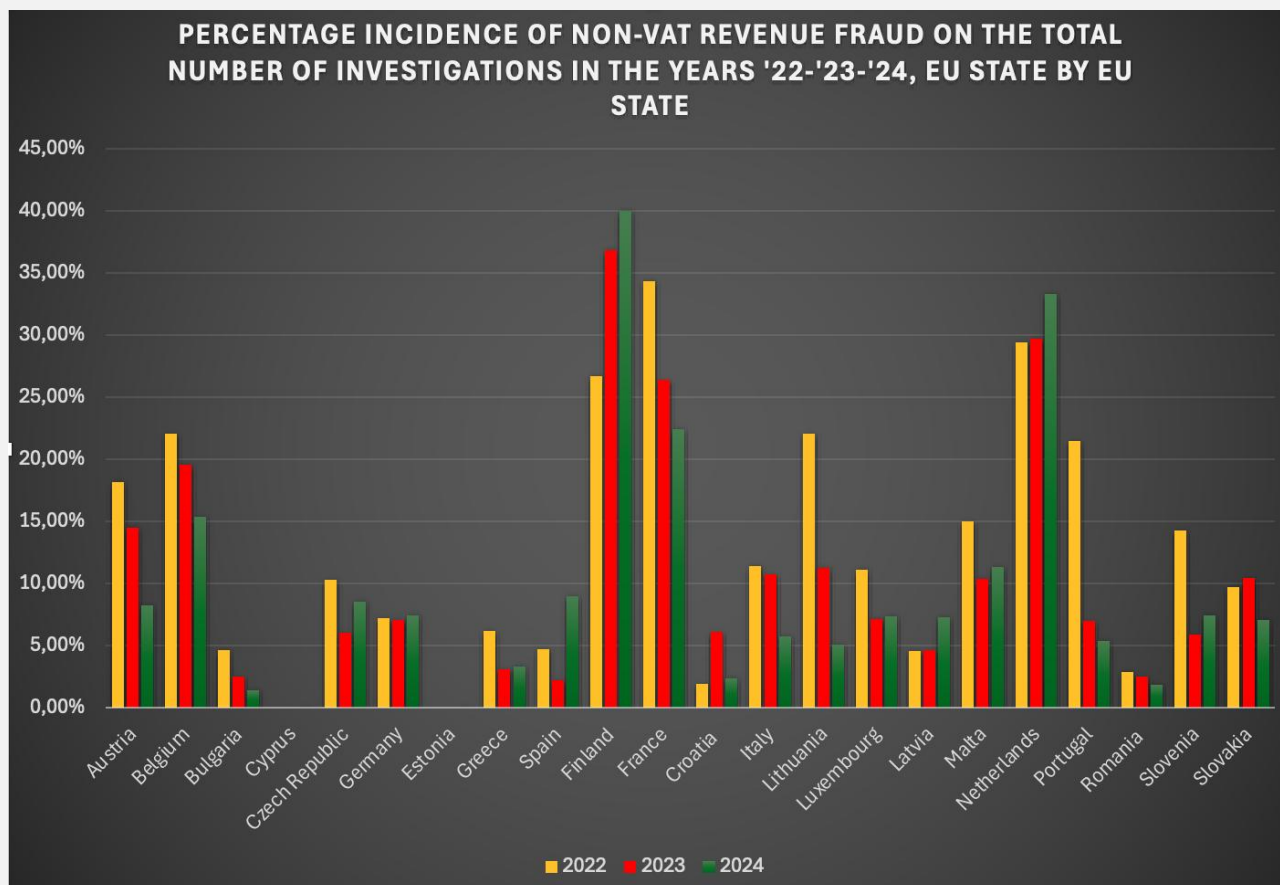


Figure 6

## Money laundering

The offence of money laundering falls within the jurisdiction of EPPO when it derives from offences within the jurisdiction of EPPO which specifically perform the function of predicate offences. Money laundering is always carried out using more complex laundering techniques, exploiting differences in protection and safeguards between EU member States. It can be defined as “the conversion or transfer of property, knowing that it is derived from criminal activity or from participation in such activity, for the purpose of concealing or disguising the illicit nature of the property or of assisting any person involved in such activity to evade the legal consequences of his actions; concealment or

dissimulation of the true nature, origin, location, disposition, movement, ownership of property or related rights, knowing of their illicit origin; acquisition, possession or use of property, knowing, at the time of receipt, of its illicit origin”.

It’s one of the crimes that most highlights the shortcomings in individual legal systems, not only in terms of repression but above all in terms of prevention and deterrence.

### Money laundering in EPPO’s investigation

The Figure 7 shows the money laundering cases investigated by EPPO. Obviously, this is a crime that involves a much smaller number of investigations than fraud, but the investigation held by German



European delegated prosecutors shouldn't be underestimated: 45 active cases in 2022 to the current 60 cases in 2024, with an increase of 33.3% from 2022 to 2024. Italy proves to be, as always, the most active EU member states in terms of

investigate activity: 23 activate cases in 2022, 76 active cases in 2023, with an increase of 230.4% from 2022 to 2023. In 2024, there were 131 active cases, representing an increase of 72.4% from 2023 to 2024.

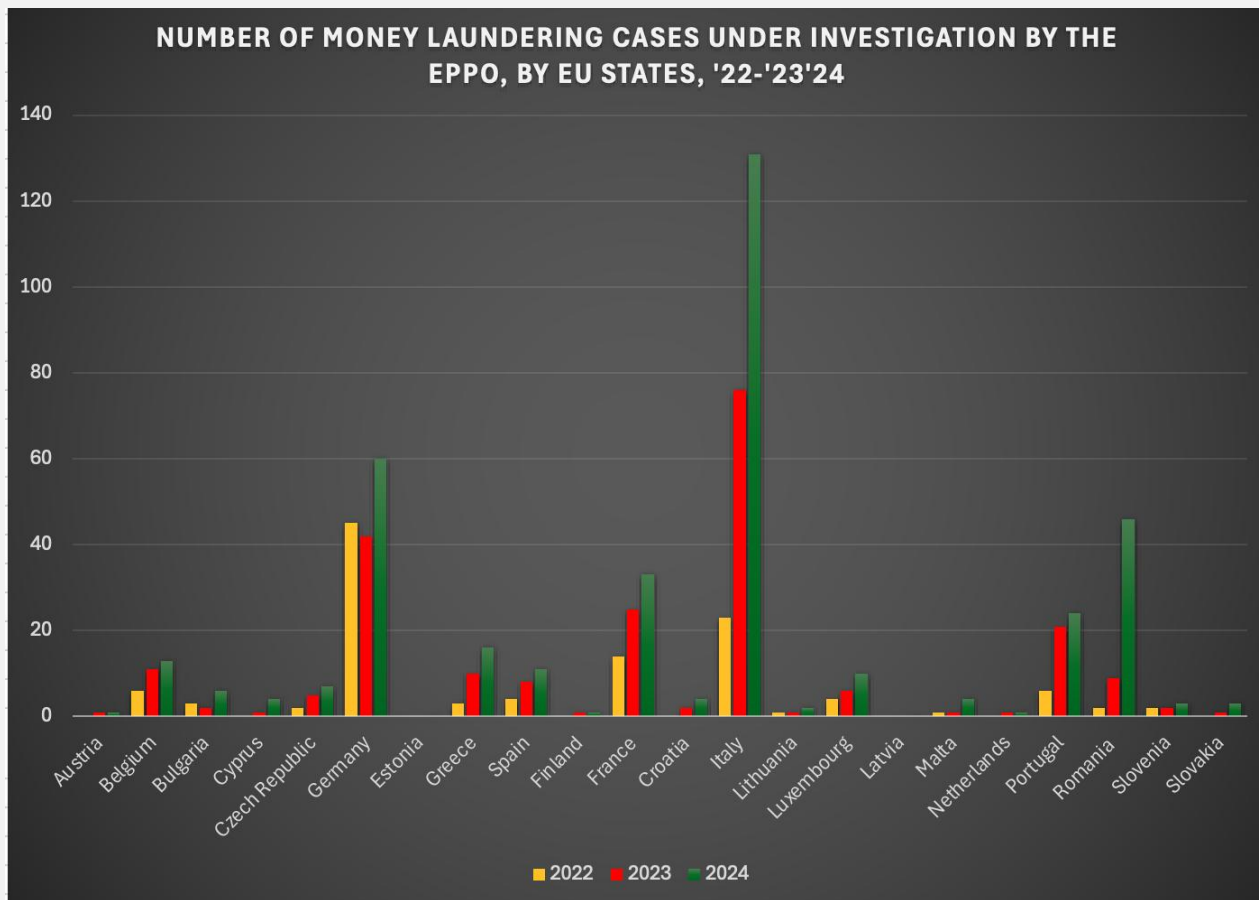


Figure 7

Instead, as regards the percentage incidence, as shown in Figure 8, seven member States didn't handle any money laundering cases in 2022 (Austria, Cyprus, Estonia, Croatia, Latvia, the Netherlands and Slovakia) but only two maintained this standard for the following two years (Estonia and Latvia). Finally, it's worth noting the percentage relevance in small countries with high money laundering rates such as Luxembourg: 22.22% in 2022,

21.42% in 2023, 24.39% in 2024 or Cyprus: 0% in 2022, 11% in 2023, 16 in 2024.

In France and Portugal, too, money laundering has a high percentage incidence. As for Italy, despite being the EU member State that carries out the most investigations, it ranks fourth from last in terms of percentage incidence of PIF offences: 3.3% in 2022, 3.8% in 2023, 5% in 2024.

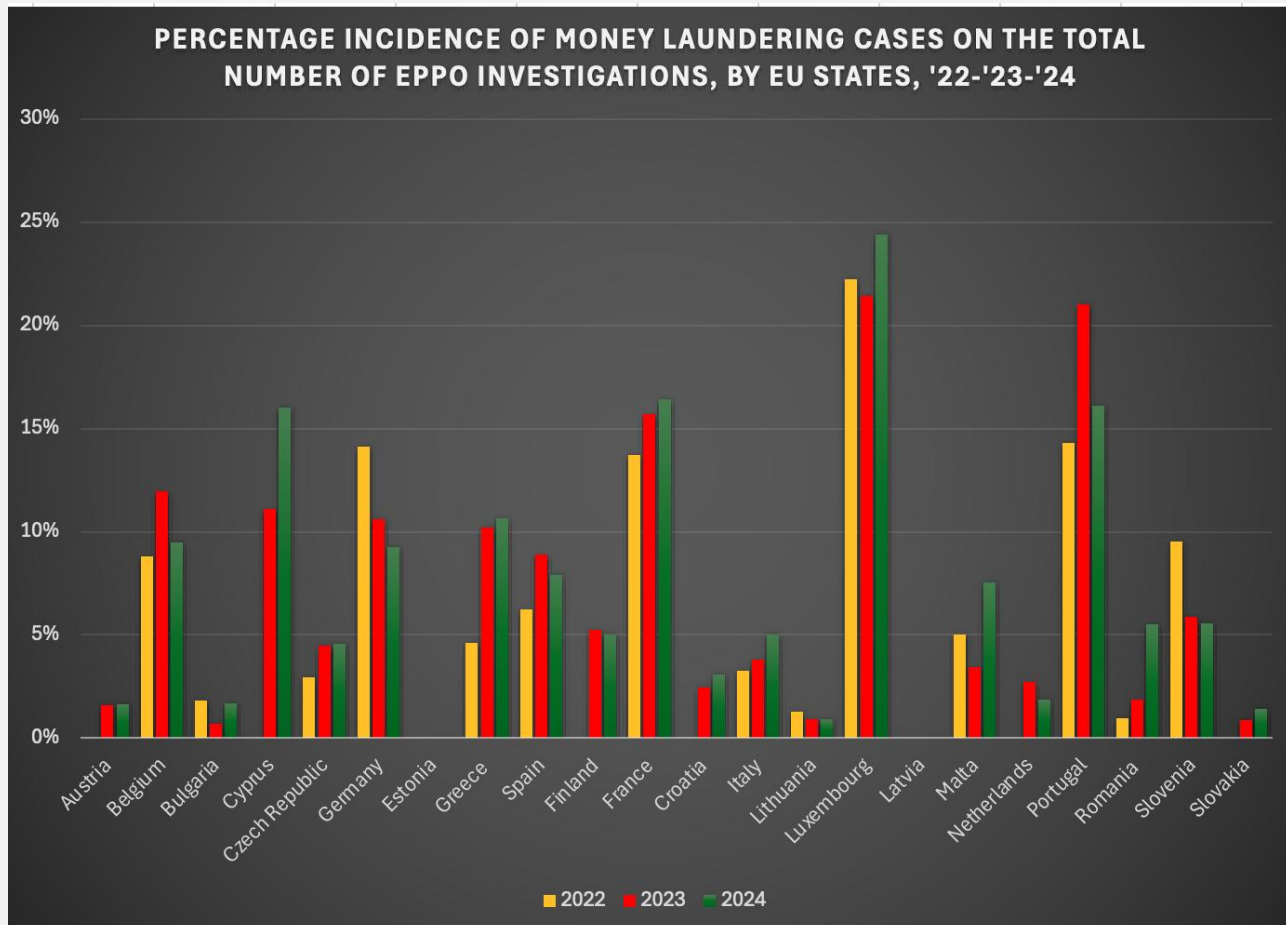


Figure 8

## Corruption

The offence of corruption is covered by Article 4 paragraph 2 of PIF Directive and, although it doesn't play as significant a role in EPPO investigations as various types of fraud, it's a phenomenon that can harm competition and financial interests like few others. Given the legal assets involved, many national and international preventive measures have been adopted with the aim of preventing and struggling this social scourge. It's a crime involving criminal organisations and is often linked to other crimes falling within the jurisdiction of EPPO, such as the various types of fraud already discussed or crimes that currently remain within

national jurisdiction but have a transnational dimension. As national public prosecutors don't have the possibility of conducting transnational investigations, they must rely on the judicial cooperation regime (as opposed to the judicial integration regime in which european delegated prosecutors operate in all countries participating in enhanced cooperation) with all the obstacles that arise from operating on a one-to-one basis.

The PIF Directive provides a definition of active and passive corruption in letters a) and b) of Article 4 paragraph 2. It defines active corruption as "the action of a person who promises, offers or procures for a public official, directly or through an



intermediary, an advantage of any kind for the official himself or for a third party, in order for the official to perform or omit an act in the exercise of his functions in a way that harms or may harm the financial interests of the EU” and passive corruption as “the action of a public official who, directly or through an intermediary, solicits or receives advantages of any kind, for himself or for a third party, or accepts the promise thereof, in order to perform or omit an act in the exercise of his functions in a manner that harms or may harm the financial interests of the Union”.

However, it’s not possible to find a single definition for all forms of corruption that can be universally accepted. Obviously, the approach of the EPPO, like that of any other investigating body, focuses on the criminal suppression of the phenomenon (not only when committed but also when attempted, incited, aided and abetted, as provided in Article 5 of the PIF Directive). With regard to the definition of public official, Article 4 paragraph 4 of PIF Directive establish as a “Union official or national official, including national officials from another EU member State or a third country, or any other person who has been assigned or exercise public service functions involving the management of EU financial interests, or decision affecting them, in member States or third countries”. An EU official is a person who holds “the status of an official or other staff member employed by the EU under the Staff Regulations and the Condition of Employment of other Staff of EU laid down in Regulation (EEC) n. 258/1968” or “a person seconded by a member State or any public or private body to the EU, who performs duties corresponding to those performed by EU officials or other servants”. This definition also includes members of EU institutions, bodies or agencies, without prejudice to the provisions on privileges and immunities set out in

Protocols 3 and 7. A national official, on the other hand, is a “public official as defined by the domestic law of the State in which he or she performs his or her duties (...)”.

### ***Corruption in EPPO’s investigations***

The proposed anticorruption directive COM (2023) 234 aims to clarify and rationalise criminal law regarding the suppression of corruption, which is why the PIF Directive will be amended and aligned with the anti-corruption directive regarding sanctions, limitation periods and specific offences. Of course, the amendment to the PIF Directive ‘ll affect the EPPO’s material competence in this regard.

The total number of corruption cases investigated by EPPO was 87 in 2022, 131 in 2023, representing a percentage increase of 50.6% from 2022 to 2023, and in 2024, there were 191 cases under investigation, representing a percentage increase of 45.8% from 2023 to 2024. As shown in Figure 9, seven member States participating in enhanced cooperation didn’t carry out any investigations into corruption offences during the three-year period under review (Austria, Germany, Estonia, Finland, the Netherlands, Slovenia nad Latvia) while Italy, Croatia, Romania together with Bulgaria were the member States with the highest number of corruption cases. There were 19 cases handled by italian european delegated prosecutors in 2022, 42 cases in 2023, with a percentage increase of 121% for 2022 to 2023, while in 2024 there were 51 active cases, with a percentage increase of 21.4% from 2023 to 2024. Romania also saw a significant increase in active cases, from 12 cases in 2022 to 13 cases in 2023, with a percentage increase of 8.3% from 2022 to 2023, to the current 44 active cases in 2024, with a percentage increase of 238.5% from 2023 to 2024.

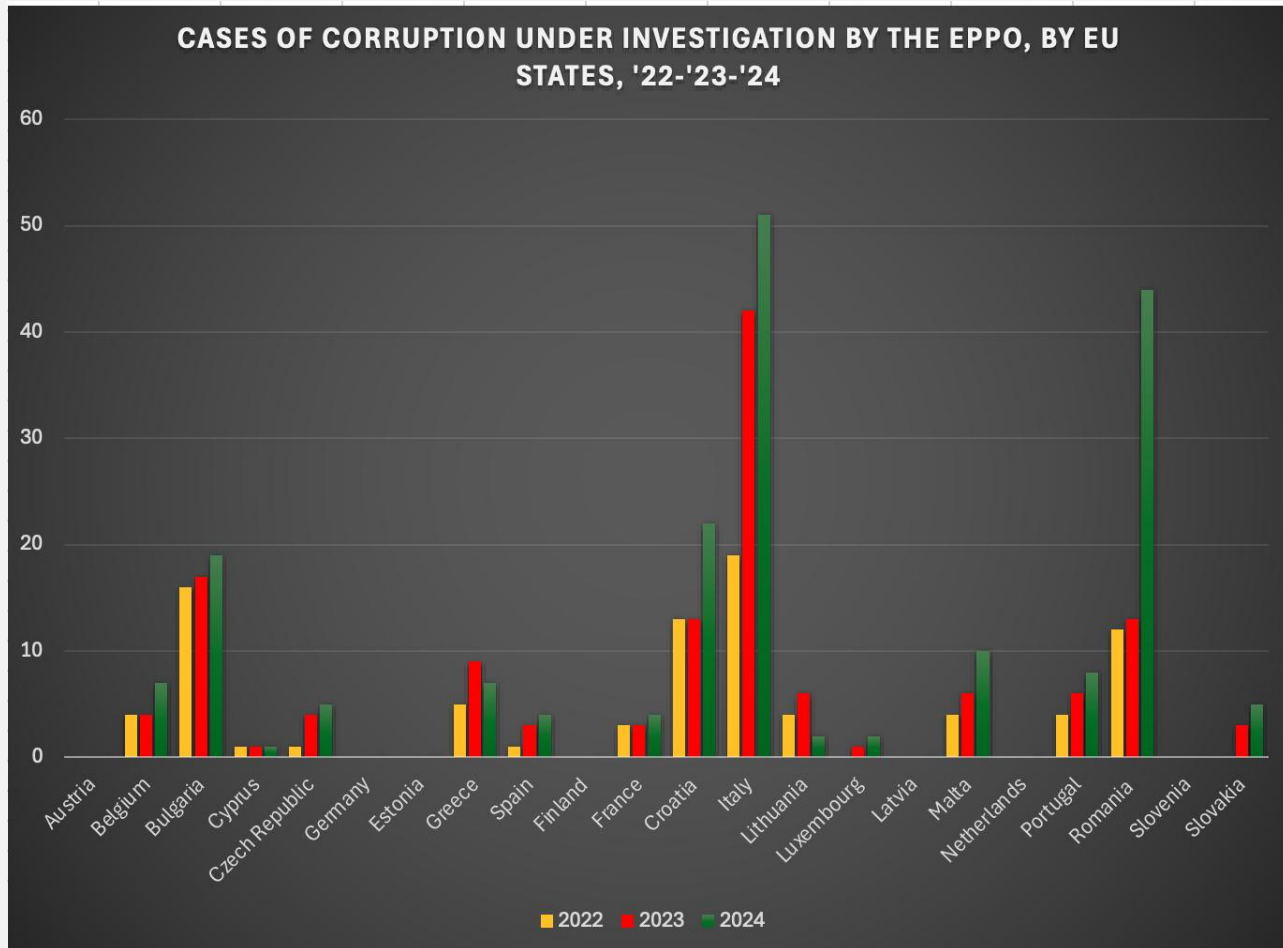


Figure 9

Figure 10 shows the percentage incidence of corruption cases among cases under investigation, by country. It should be noted that in Italy, despite being the EU country that conducts the highest number of investigations in this area, the percentage incidence of this crime is very low: 2.7% in 2022, 2.1% in 2023 and 2% in 2024. On the other hand, in Croatia as an example: 24.5% in 2022, 15.8% in 2023 and 17% in 2024. In Bulgaria, the percentage incidence is low on average, despite it being a country to watch with regard to corruption: 8.3% in

2022, 6% in 2023 and 5.3% in 2024. Finally, the data for Malta and Cyprus cannot be overlooked for contrasting reasons: Cyprus has experienced a drastic decline in the percentage incidence of this crime with the increase in investigations on other fronts: 25% in 2022, 11.1% in 2023 and 4% in 2024, while Malta maintains the highest rate among all the enhanced cooperation States in terms of corruption investigations: 20% in 2022, 20.7% in 2023 and 18.9% in 2024.

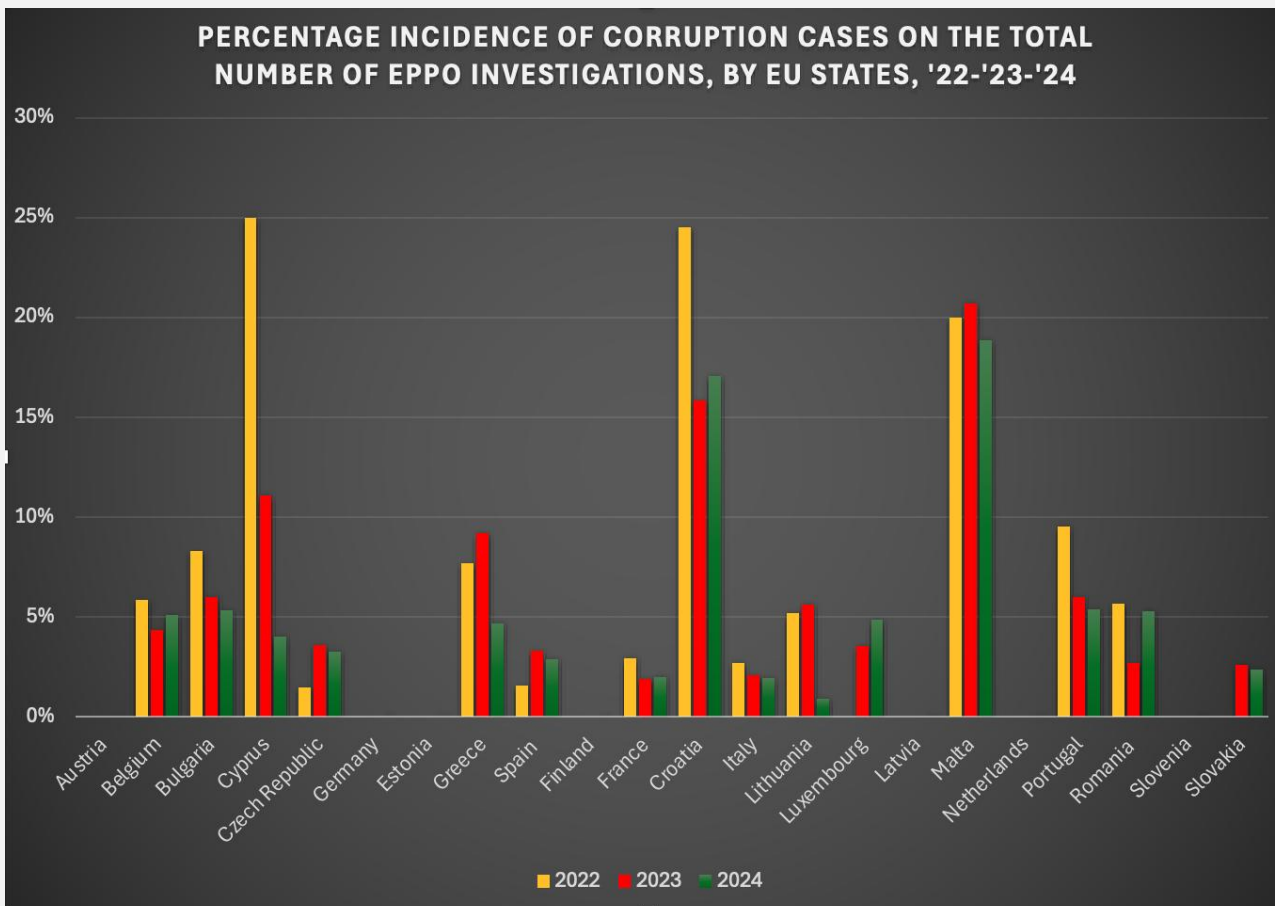


Figure 10

Finally, it's important to note that the countries with the highest number of cases investigated by EPPO coincide with those with the highest corruption perception index. Italy, for example, ranked 52nd out of 180 countries analysed in 2022, losing two positions compared to 2023. Croatia ranked 63rd out of 180 countries, Malta 65th out of 180 countries and Bulgaria 76th.

Austria, Estonia, Germany, Finland and the Netherlands are in the top 30. It's worth noting that Finland ranks second as the most virtuous country in the world, Austria twenty-fifth, Germany fifteenth, Estonia thirteenth and the Netherlands ninth. Latvia and Slovenia ranked thirty-eighth and thirty-sixth

respectively. Obviously, the data provided in this report must be analysed critically, as with all rankings subject to analysis.

### **Misappropriation**

Finally, it's appropriate to address the offence of misappropriation as defined in PIF Directive, Article 4 paragraph 3. In fact, the aforementioned paragraph not only obliges member States to take the necessary measures to make misappropriation a criminal offence, but also defines it as "the action of a public official directly or indirectly responsible for the management of funds or assets, aimed at using funds or appropriating assets or using them for a purpose other than that for which they are



intended, which damages the financial interests of the EU”

The concept of public official is the same as that used for the offence of corruption. This PIF offence, together with corruption, abuse of office and others, will be subject to harmonization when the proposed directive on corruption becomes law. Currently, misappropriation commits for a minimal proportion of the investigations conducted by EPPO: 2.2% in 2022, 1.5% in 2023 and 2% in 2024.

As can be seen from Figure 11, the number of misappropriation cases investigated by the various European delegated prosecutors is very scarce: three EU member States (Austria, Finland and the Netherlands) had no cases of misappropriation in the three-year period under consideration, while nine EU member States (Austria, Czech Republic, Finland, Estonia, Spain, Latvia, Malta, the Netherlands and Slovenia) had at least one year without any investigations into the offence referred to in Article 4 paragraph 3 of the PIF Directive.

Unlike other PIF offences, Italy isn't the EU member States with the highest number of active investigations. In fact, Belgium, Bulgaria and Romania

are the member States with the highest number of active investigations: Belgium dealt with 7 cases in 2022, 11 cases in 2023, an increase of 57.1% from 2022 to 2023, and 12 cases in 2024, an increase of 9% from 2023 to 2024.

Bulgaria, on the other hand, conducted 11 active cases in 2022, but surprisingly in 2023 there were 9 investigations, a decrease of 18.2% from 2022 to 2023. In 2024, however, there were 13 investigations, an increase of 44.4% from 2023 to 2024. Romania conducted 5 active investigation in 2022, 12 cases in 2023, with an increase of 140% from 2022 to 2023, and 13 cases in 2024, with an increase of 8.3% from 2023 to 2024. Finally, it's worth noting the increase in the number of investigations in Greece, an EU member State that went from 2 cases in 2022 to 13 cases in 2024, an increase of 550% from 2022 to 2024, and Slovakia which dealt with 3 cases in 2022 and 11 cases in 2024, an increase of 266.7% from 2022 to 2024.

Finally, Italian European delegated prosecutors treated 3 cases in 2022, 8 cases in 2023, representing an increase of 166.7% from 2022 to 2023, and 12 cases in 2024, representing an increase of 50% from 2023 to 2024.

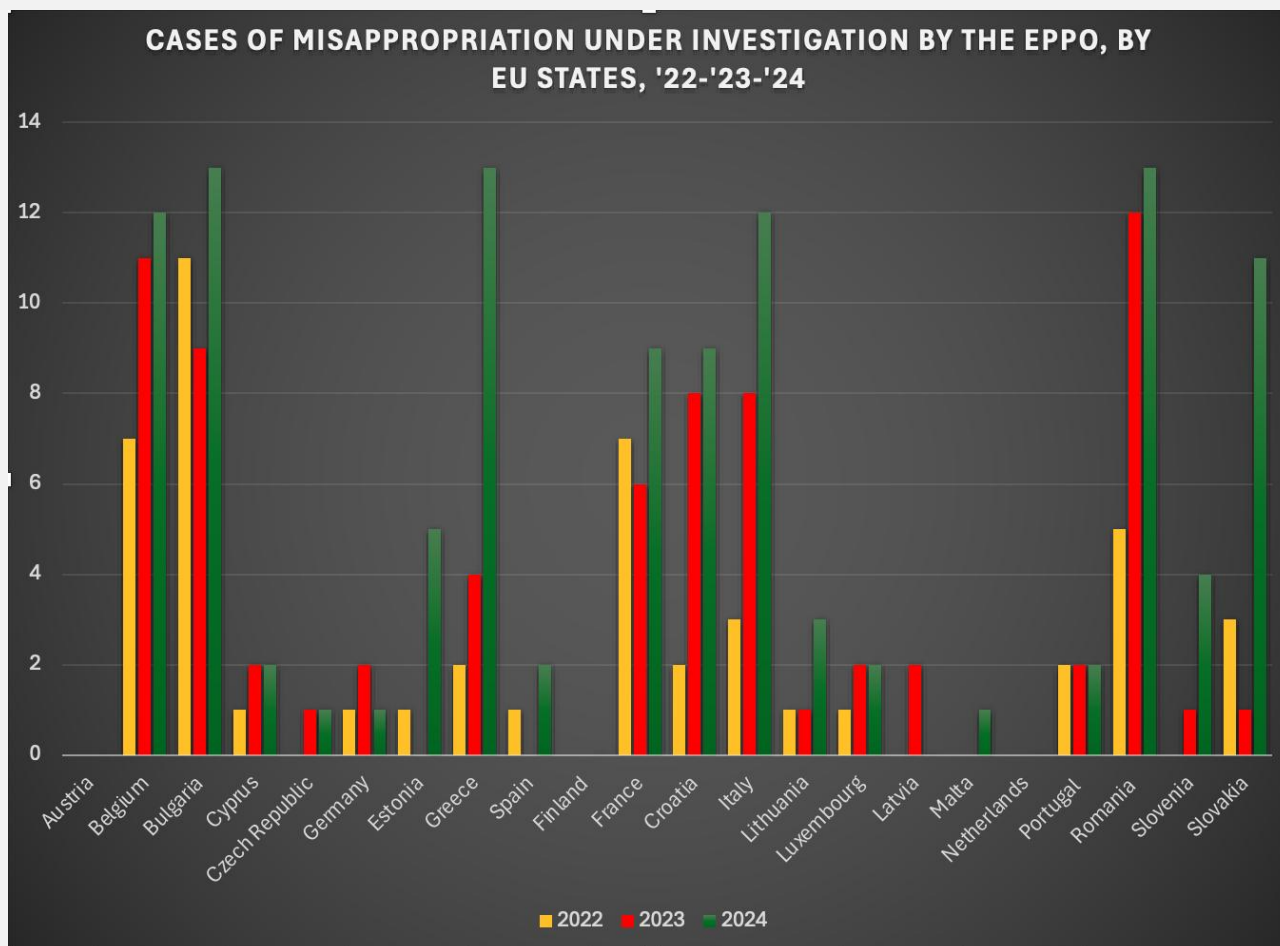


Figure 11

About the percentage incidence, Figure 12 allows us to draw a series of conclusions: firstly, in the EU member States most committed to combating offences affecting the EU's financial interests, the percentage incidence of misappropriation is totally marginal.

As an example, Italy (0.4% in 2022, 0.4% in 2023 and 0.5% in 2024), the Netherlands (0.4% in 2022, 0.4% in 2023 and 0.42% in 2024). This incidence is slightly higher in Eastern European countries such as Bulgaria and Romania, with 5.7% in 2022,

3.2% in 2023 and 2.6% in 2024 for Bulgaria, and 2.4% in 2022, 2.5% in 2023 and 1.6% in 2024 for Romania.

In member States that conduct fewer investigations into PIF offences overall, the percentage incidence is obviously higher. As an example, Cyprus (25% in 2022, 22.2% in 2023 and 8.8% in 2024; in fact, Cyprus significantly increased its investigative activity in 2024, which had consequences for the crime of misappropriation) and Estonia (5.9% in 2022, 0% in 2023 and 15.2% in 2024).

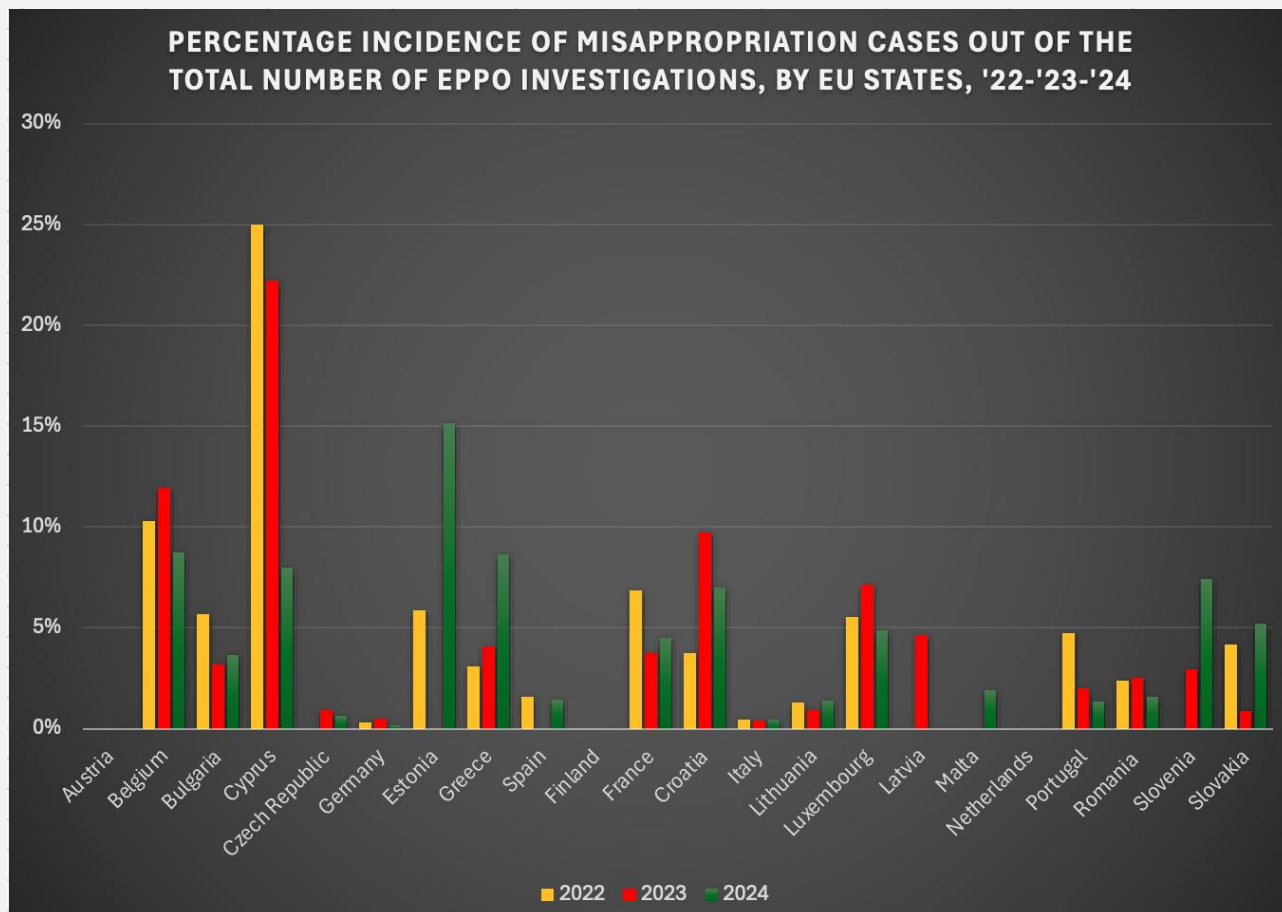


Figure 12

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