

In focus: NextGenerationEU

By the end of 2023, the EPPO had 206 active investigations related to NextGenerationEU funding, with an estimated damage of over €1.8 billion. This represents approximately 15% of all the cases of expenditure fraud handled by the EPPO during the reporting period, but in terms of estimated damage, it corresponds to almost 25%. This shows that NextGenerationEU funding is a target for fraudsters.



Our investigations concerned a variety of projects financed under NextGenerationEU: **public transport; public infrastructure; the green economy and technology; support to company competitiveness; innovation and digital transformation; training and development; education and research; health; and public administration.** We also opened investigations into offences related to specific programmes, such as the **'repair bonus'** and the **'energy bonus'**, designed to support citizens in making environmentally sustainable choices.

The use of false, incorrect or incomplete statements or documents, or the non-disclosure of information in violation of specific obligations, were by far the most common tools for deceiving public authorities. The main purpose of the applicants was to **conceal the absence of essential or advantageous criteria** – economic, legal and factual situations – for obtaining the financing, or not to declare situations of a conflict of interest or of double funding that would prevent the financing. The most common instrumental offences registered in EPPO cases were related to the **forgery of documents** or to the **presentation of false statements to the public authority.** Investigations into procurement-related

expenditure fraud also involved offences such as **bid-rigging** or **fraud in public procurement procedures.**

In several cases, the frauds were related to funds that had been wired to beneficiaries as an upfront payment, in order to cope with the expenses of the initial phase of a project. In fact, these beneficiaries turned out to be **sham companies** or **fictitious economic operators;** the projects were not effectively carried out, and the funds were immediately transferred to bank accounts abroad, with a final destination in non-EU countries. In such cases, as a rule, the EPPO initiated investigations into **money laundering** as well.

The EPPO has also initiated investigations into possible wrongdoings by public officials, including **corruption-related offences.** These are cases where the public officials are suspected of having acted illegally in favour of private beneficiaries, or in situations of a **conflict of interest,** and where the offence of abuse of official authority or power is registered. **Bribery** was also investigated by the EPPO, as an instrumental offence in awarding contracts and projects to specific subjects, both in procurement and in non-procurement fraud.

In 2023, the EPPO has only begun to identify organised crime groups involved in this fraudulent activity. Their modus operandi is already clear, though complex. Criminal networks **organise** a large number of **sham companies** and **fictitious economic operators**, recruit **frontmen** and **professional enablers**, and coordinate the presentation of **accounting** and **legal paperwork**, carefully designing the **false statements** and the **forged documents**. The activity is carried out in several territories, and the economic operators have the appearance of being active in very different sectors and disconnected from each other, in order to conceal that it is a single large-scale organised scam, and not several unconnected frauds of a small scale. Nevertheless, our investigations showed that there is usually a **single operational centre** where the fraud is coordinated and documents are prepared, and that the same experts, accountants and other professional enablers offer their services to all the involved subjects.



The scam is organised at a higher level, by individuals who do not appear to have any role in the specific fraud but take action behind the scenes. They are strictly connected to **serious organised criminal groups**, which are the effective beneficiaries of the ill-gotten gains.



In 2023, the main sources of detection and reporting to the EPPO in this area were, by far, **national law enforcement authorities**. Their ability to detect **fraud** in this area was the strongest when they took a pro-active analytic approach.

Private parties also contributed a fair share, in accordance with the public resonance of the NextGenerationEU funding.

Reporting from **EU institutions, bodies, offices and agencies** has been minimal.