

## **ANTI-CORRUPTION INTERGROUP: PREVENT CORRUPTION IN CORONA EMERGENCY FUNDS**

Member states and the European Union have mobilized unprecedented resources to fight the COVID-19 virus and the economic crisis caused by the pandemic. The Anti-Corruption Intergroup welcomes the measures that have been taken so far, even if much more will be necessary. The financial resources mobilized until now make the monetary equivalent to 3.4 trillion euros. These amounts of money will be crucial for the recovery of EU economies and social systems. They should reach those most in need as quickly and with as little bureaucracy as possible.

However, paying out such amounts of money in a very short time also makes these funds more prone to misuse and fraud. It would send a dangerous signal and undermine European citizens' trust in the European project if emergency funds do not arrive where they are most needed. Moreover, if those funds do not reach their legitimate destinations, we will only have a much more severe and prolonged crisis. They must not get into the hands of fraudsters and thieves or otherwise be used in ways incompatible with the objectives of the Corona Response Investment Initiative. We therefore must guarantee that any EU funds provided to Member States, regions, local authorities and businesses in the context of the COVID-19 crisis are correctly and efficiently spent. Misuse has to be sanctioned. We therefore ask:

- the Commission to require Member States to be fully transparent about how they spend the funds and, if applicable, to what extent they deviate from original spending plans and to regularly report this information as well as information about any ongoing investigations into their potential misuse back to the European Parliament;
- the Commission to come up with a designated monitoring mechanism for the funds allocated to address the COVID-19 crisis as well as to provide guidance on criteria and safeguard procedures for selecting individual beneficiaries in order to ensure that assistance is provided to companies, especially SMEs, that genuinely need help in order to protect jobs and products on the internal market of the EU;
- the Commission to ensure that the funds paid out of the EU recovery programs are not exclusively provided to governments, but a significant part is distributed directly by the Commission to the most affected local authorities, regions, civil society and businesses;
- the Commission to ensure that no funds are provided, in any case, directly or via national governments, to offshore companies and companies with unclear ownership;
- the Commission and the Member States to refrain from allowing the practice of EU funds to be allocated via schemes of intermediary companies which often are the source of mishandling and prone to corruption at all levels;
- the Commission to make full use of its possibilities to suspend funds provided to Member States as part of the Coronavirus Response Investment Initiative in case

of serious fraudulent irregularities or systemic fraud under the Common Provisions Regulation;

- the Commission and Council to provide the European Public Prosecutor's Office, OLAF and other bodies involved in the fight against corruption and fraud with adequate resources so as to enable them to fully function and fight fraud related to the spending of the emergency funds. This is the only way to guarantee that the use of the funds can comprehensively and effectively be investigated and if applicable, their misuse be sanctioned;
- the Commission, Council and Parliament for a better oversight to adopt the rules on the European Public Prosecutor's Office by ordinary legislation instead of enhanced cooperation, and thereby make them legally binding for all Member States;
- The Council to come up as soon as possible with its position for the Rule of Law Deficiencies Regulation under which the payment of funds to Member States can be suspended in case of generalized rule of law deficiencies. The Council and Parliament to subsequently, by co-legislation procedure and as soon as possible, even separately from the MFF, to adopt the Regulation with the possibility to suspend funds with a reversed qualified majority in Council. Final beneficiaries need to be fully protected at any cost, and it should be guaranteed that EU funds will be available for the goals of the MFF via direct or indirect management;
- The Commission and Member States to ensure that the Anti-Money-Laundering Directives are fully and correctly transposed and in particular that the provisions on beneficial ownership transparency are implemented;
- The Commission and Member States to ensure that EU funds are implemented in line with the Financial Regulation with zero tolerance to conflict of interests situations so as to ensure that they do not end up in the hands of oligarchs.

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