



European
Commission

Protection of the EU budget in DG NEAR

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DG NEAR

The Directorate General for Neighbourhood and Enlargement Negotiations (DG NEAR) takes forward the EU's Neighbourhood and Enlargement Policies and manages the bulk of the Union's financial and technical assistance to the neighbourhood and enlargement countries.

Working closely with partners and beneficiaries to ensure the protection of the EU budget, DG NEAR guarantees that every euro from the EU budget is well spent in line with the rules and generates added value.

DG NEAR may:

- **directly implement the EU funds** through the different "budget implementation instruments" or delivery methods, such as public procurement, grants, etc (direct management).
- **entrust the implementation to another entity**, which can be (a) a partner/beneficiary country or (b) an entity that has been pillar-assessed (indirect management).

Whichever your role in EU funded action is, whether you are a fund manager, an implementing partner under indirect management, a coordinator or a beneficiary of a grant or a contractor in direct management, it is your obligation to ensure:

- **the respect of the principle of sound financial management,**
- **compliance with contractual obligations** and
- **the adequate and timely reporting on irregularities** (also including fraud, corruption or conflict of interests) affecting the financial interests of the European Union.





How to report an irregularity affecting EU funds?

Please, consult the contractual provisions and report as fast as possible any irregularities to the competent contracting authority (for example, the competent EU Delegation or Office).

Your report should include information, such as:

- **who committed the irregularity/fraud** (persons involved)
- **the support measure**, such as the fund, programme, project
- **the financial impact** (expenditure and irregular amount)
- **how, when and where** the irregularity was committed
- **the method of detection** of the irregularity

Then at a later stage and if applicable:

- **administrative, judicial or penal follow-up**
- **sanctions imposed.**

In particular:

- **National authorities benefiting from pre-accession assistance (IPA) should report irregularities** affecting EU funds through the dedicated electronic Irregularity Management System (IMS).
- **Pillar-assessed entities in indirect management shall inform the European Commission and the contracting authority** of irregularities and fraud detected in the management of the EU Contribution and the measures taken. They shall also take measures to prevent, detect and correct irregularities and fraud when implementing the actions.

Do not hesitate to contact your competent contracting authority in case you need further information or clarifications.

How to report a (potential) fraud, conflict of interest or corruption?

Any physical or natural person, worldwide, can **report allegations of fraud with the EU budget** directly to the **European Anti-Fraud Office (OLAF)**, which is the EU body investigating matters relating to fraud, corruption and other offences affecting the EU financial interests concerning all expenditure. You can report in any of the official EU languages (click **here** or by post: **OLAF – European Commission – 1049 Brussels Belgium**).

You can also **report a crime** to the **European Public Prosecutor Office's (EPPO) headquarters in Luxembourg** in any of the official languages of the EU, via the '**Report a Crime**' web form. Please note that you do not have the option to submit your online crime report anonymously.



Financial Management and Internal Control in DG NEAR

DG NEAR strives to achieve the highest standards of financial management and to ensure the best use of the financial resources. The DG has a strategic approach to controls, which considers the risks and the related mitigating measures. This approach is regularly reassessed and adjusted to provide reasonable assurance about the achievement of objectives. Whichever your role, it is your obligation to cooperate with DG NEAR and those mandated by DG NEAR in performing these controls.



Ex-ante - Prevention

DG NEAR conducts ex-ante controls, monitoring, evaluations, expenditure verifications, audits and on-the-spot checks to make sure that EU budget is well protected.

If DG NEAR finds out that something is going wrong, it can intervene by interrupting or suspending payments, until the problems detected have been resolved.

DG NEAR can also reduce the amount it will pay compared to the cost claim received from the beneficiary and suspend or terminate the contract.



Ex-post - Detection and correction

DG NEAR can take action after the project's closure. Based on ex-post controls, where it spots that something went wrong at a later stage, DG NEAR can introduce financial corrections and recover the money already paid. In addition, DG NEAR can exclude the concerned persons and entities from receiving EU funds.

After the project's closure, it is essential that documentation related to the projects is well kept in line with contractual provisions, or it might be considered an irregularity and lead to financial recoveries.

In case of frauds or crimes, if an investigation confirms there has been fraud with EU money, the Commission will start recovering the funds and take any other corrective measures.

Additional resources



Hyperlinks for more information

- **The Financial Regulation** (consolidated text)
- **The Practical Guide (PRAG)**, which provides with practical assistance in preparing and implementing procurement and grant contracts in the field of external action
- **The Companion**, which provides guidance and instructions to support EU staff when implementing procurement contracts in the context of external actions
- **The Guidance on the avoidance and management of conflicts of interest under the Financial Regulation**, which promotes a uniform interpretation and application of the rules on avoidance of conflicts of interest
- **EU budget protection measures**
- **Anti-Fraud Knowledge & Resource Centre**
- **DG NEAR website**

What is...



... an irregularity?

An irregularity is an act (or omission) which does not comply with EU rules, and which has a potentially negative impact on EU financial interests. It may be the result of genuine errors committed both by beneficiaries claiming funds and by the authorities responsible for making payments.

... fraud?

If an irregularity is committed deliberately, it is considered fraud, which is any intentional act of deception or omission for personal gain or to harm the interests of another party.



.... a conflict of interest?

A conflict of interest exists where the impartial and objective exercise of the functions of a person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest. A conflict of interest can arise even if the person does not actually benefit from the situation, as it is sufficient that circumstances compromise the exercise of their functions in an objective and impartial manner.

.. corruption?

Corruption is any abuse of power by a public official for private or personal gain. It takes many forms, such as bribery, trading in influence, abuse of functions, but can also hide behind nepotism, conflicts of interest, or revolving doors between the public and the private sectors.

