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The Protection of the European Financial Interest: From Concrete Practices to Theoretical Recommendations

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ABSTRACT
From September 1, 2021 to November 30, 2021, the BETKOSOL Project team carried out online and face-to-face qualitative interviews with representatives of the EU and MS institutions at national, regional, and local levels in different countries, as well as with representatives of selected trade unions and employers' associations. For better knowledge and better solutions, the awareness of the protection of financial interests by relevant institutions has been a key issue running throughout the project. The article focuses on a comparison of the results of these qualitative interviews. The concluding remarks include some preliminary policy recommendations.

KEYWORDS
Financial interest; protection; institutional actors; recommendations; European Union

Better knowledge for better solutions: introduction and presentation of the survey

The pandemic has shown that individuals can abuse public financial support, especially during emergencies. Such behaviour not only affects those in immediate need, but also the interests of all taxpayers. Today, many European Union (EU) projects are available in the Member States (MSs), and the Next Generation EU (NGEU) has increased this kind of involvement.

Awareness of the protection of financial interests by relevant institutions and civil society is of great interest to the EU itself as well as for academia. For this reason, the paper reports the results of a survey that aimed to examine the practices of national (Italian, Polish, Belgian, and German) and European institutions and target groups, in the context of a European project: *Better knowledge for better solutions* (BETKOSOL), financed by the European Commission under the Hercule III programme.

Empirical evidence supporting the argument set out here, derived from the nature of qualitative experts' assessments, was collected according to a standardised framework similar to the one used for structured or semi-structured interviews (See Table 1 and 2 for the institutions and target groups interviewed). Interviews were structured according to the results and topics emerged during the rebuilding of the "state of the art", in the first phase of the project (see deliverables 1 and 2, D1 and D2). They are freely available on the BETKOSOL website and can be consulted when appropriate to clarify the context covered by interviews. The project, on the national side, is mainly dedicated to the protection of the EU financial interest and the fair management on the expenditure side (for example, the EU cohesion policy and its shared management system, funds under COVID regimes, etc.). However, more general issues are also analyzed, mainly for the EU level and involving the revenue side (for example, EU's financial and budgetary system, conditionality rules, general attitudes of the countries towards public finances, etc.).

With the exception of the interviews with EU institutions – mainly conducted in English – the national ones were carried out in the languages of the interviewees. In cases where permission was granted, the interviews were recorded and used for the English translation. When permission was not granted, the research team produced transcriptions based on comments and notes. All the English transcriptions are stored in a databook available on the BETKOSOL website (D4). For each interview present in the databook, only the offices and organizations to which officers belong are available and not the personal data, such as names and surnames. The output is consistent with the interviews, and the officials interviewed were provided with transcriptions before publication. At the start of each meeting and via e-mail it was explained that the interviews were part of a European research project with specific obligations in terms of the dissemination of results.

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Table 1. EU institutions.

EU Institutions	Office
European Commission (EC)	Senior Market Analyst with Unit L4 (Investment programme management) of ECFIN
European Public Prosecutor's Office (EPPO)	Deputy European Chief Prosecutor – European Prosecutor
European Anti-fraud Office (OLAF (1))	Head of Unit in charge of Anti-Corruption
OLAF (2)	Director – Revenue and International Operations, Investigations & Strategy (OLAF)
European Court of Auditors (ECA)	Judge at the European Court of Auditors
European Investment Bank (EIB)	Head of Investigations and Exclusion Unit. Inspectorate General/Investigations Division, EIB

The added value of this methodology is twofold. On the one hand, experts responding to the standardised questionnaire had the chance to pinpoint the key explaining factors and emphasise the ones they deem to be of greater impact. On the other hand, the overall evidence offers a very nuanced and detailed view where also policy narrative and the differential perspectives of the actors situated in the policy arena are mirrored.

The questionnaires are in three parts: a) a background section, b) general understanding of the phenomenon, c) concrete-example best practices.

After this short presentation and before the concluding remarks, the report is organised into five sections. In Section 2, the interviews are used to challenge the degree to which the European and National protection of financial interests coincide, showing, on the one hand, that there is a certain degree of integration but, on the other, that differences in standards among and within countries remain. In Section 3, the authors compare how each country is moving towards protection of the EU's financial interests and that this is thanks to the stabilisation of the current legal framework or expected reforms. The first alternative seems to be confirmed; in other words, an incremental adaptation of the status quo is taking place. In Section 4, the authors work on the main "critical sector" emerging during the interviews, and public procurement appears to be an element shared by at least two countries out of four. In Section 5, on the changes that have taken place during the pandemic, there is a certain ambivalence among the countries and interviewees in the same country. Some talk of new types of fraud, some are aware of new risks of fraud in the future, while others talk about new investigation techniques

Table 2. Member states institutions.

Level	Italy	Poland	Belgium	Germany
Institutions: National	• Coordinator of the Technical Secretariat Committee for the Fight Against Community Fraud (Italian A.F.C.O.S.) – Department for European Policies – Prime Minister's Office	• Ministry of Investment and Development – Department of Innovation and Development Support Programmes – Division of System Control (Head of Division) • Supreme Audit Office – Regional Branch in Bydgoszcz (Deputy Director of Branch)	• Federal Ministry of Justice	• Federal Ministry of Finance • Department of the Interior and Sport; Internal Investigations Department (DIE) • Corruption Department of the Hamburg Public Prosecutor's Office
Institutions: Regional/ Local	• Manager – Public Procurement Regulation Office (ANAC) • Regione Lazio – Director of the ERDF, ESF, and Internal Control Regional Audit Directorate • Roma Capitale – European Development and Funding Projects Department (Head of Department)	• Marshal's Office of the Kujawsko-Pomorskie Voivodeship – Control Department for the Implementation of European Funds (Deputy Head of Department) • Regional Chamber of Audit in Bydgoszcz (President of the Chamber)	• Flemish Agency for Innovation and Entrepreneurship • Flemish Audit Authority for EU-structural funds	• Administrative Authority of the European Social Fund (Bremen); ESF certifying authority
Target Groups	• CGIL delegate National Secretariat (Precarious Research) and CGIL Lazio Education and research section • Head of Legislative Affairs Unit, Confindustria • General Director, Fondirigenti. Former Director of the Italian Territorial Cohesion Agency (Agenzia per la Coesione Territoriale). Former Director Regional Policies (Politiche regionali), Confindustria	• The Independent Self-Governing Trade Union "Solidarity" – Department of European Programmes (Head of Department) • Lewiatan Confederation – Polish Confederation of Private Employers (Deputy Director-General)	• EUTUC	(-)

that developed during the pandemic. Lastly, Section 6 is entirely devoted to providing an insight gleaned from interviews with representatives of EU institutions, with results that partly confirm the position of the MSs and partly go beyond them. As there really exists a sort of communicating vessel system between the MSs and the EU regarding the protection of "financial interests", this is indeed an element that proves even more how the difference between the national and the European financial interests – the core of the theoretical notion rather than how the protection is fulfilled – tends to blur as European integration proceeds.

In conclusion, some general policy indications are offered. Deeper recommendations are available on the BETKOSOL website (D6 and D7). The hope is that the results of the interviews will provide useful insights to start new lines of investigations.

European and national protection of financial interests coincide, but what about integration and the differences in standards among and within countries?

This section deals with the abstract and concrete duality between the protection of the national and European financial interests. To begin with, it is important to remember that art. 325 (2) of the Treaty on the Functioning of the EU (TFEU), lays down that Member States must, in their activities to combat European fraud, adopt the same measures as those in place to combat fraud against their own financial interests. This is, in fact, the so-called principle of assimilation, which implies that national authorities must proceed against fraud affecting EU finances in the same was as they do when enforcing domestic law (Clemente, 2014, pp. 2415–2425; Killmann, 2019, pp. - 1998–2002; Tridimas, 2011, pp. 783–804).

Interviewees from most of the institutions in all four countries mention this parallelism between the protection of European and national financial interests. However, despite abstract convergence among these systems, some points that emerged from the interviews give the impression that there are in fact differences at the operative level in the way the National and European financial interests are understood and guaranteed in the four member states.

Interestingly enough, what often emerges is that the EU's financial interests are better protected than the national ones.

A respondent from Italy, for example, clearly described the even stricter protection of the EU's financial interests compared with national ones (interview with Fondirigenti, answer 1, BETKOSOL D4 Databook). An interviewee from Poland recalls that the most important difference between the national and European systems is the mechanism for withdrawing money from certification to the EU (Ministry of Investment and Development, answer 1, BETKOSOL D4 Databook). This tool fully protects EU financial interests but, from this answer it may also be deduced that the European rules are much stricter than the national ones. Taking examples from Belgium, the Federal Ministry of Justice simply observes that control over the budget for using EU subsidies is very strict (answer 2, BETKOSOL D4 Databook), while the Flemish Agency of innovation and entrepreneurship makes a clear distinction between management systems concerning national and European projects (answer 2, BETKOSOL D4 Databook, Belgium; see also the Flemish Audit Authority for EU-structural funds, answer 1, BETKOSOL D4 Databook). The impression that stems from these answers is that the Belgian control system is less strict than what the EU requires for its own resources (for a similar conclusion regarding Germany, see the interview with the Administrative Authority of the European Social Fund in Bremen, answer 2, BETKOSOL D4 Databook).

Looking at the German case it is possible to introduce another variable that can also be considered characteristic of Belgium. What emerges immediately from the German interviews is the importance of the form of government for the topic analysed here. In theory, there are no differences between how the EU and national financial interests are protected. In practice, it is difficult to assess if the theory matches the reality, considering the extreme variance among regions (see the interview with the Federal Ministry of Finance, answer 3, BETKOSOL D4 Databook). The variable has a minor impact on Italy and Poland, which are not federal systems. However, a certain regional variance is sometimes considered problematic in these countries too.

Thus, operatively speaking, it is possible to point out some peculiarities in each Member State, confirming only in part the abstract ability of national systems to protect public financial interests to acceptable European standards, as seemed to emerge in the early stages of the research (see also the BETKOSOL deliverable D1, available on the project's website, on the state of the art). There appear to be similarities between Italy and Poland in so far as European rules are perceived to be particularly complex, and some extra effort is required to combine them with national systems. In Italy, the reference contact from the Lazio Region observes the complexity of reporting procedures under the European Structural and

Investments Funds (ESIF) management system, even though this could depend on the lack of adequate staff, at least in the local sector (Regione Lazio, answer 3, BETKOSOL D4 Databook). In the case of Roma Capitale, the interviewee describes a multi-faceted system of sources of law, starting from the city's management and control system, continuing with that of the Agency for Territorial Cohesion and the Italian Public Procurement Code (Roma Capitale, answer 2, BETKOSOL D4 Databook). Consequently, difficulties arose in coordination with national and other local authorities (Roma Capitale, answer 3, BETKOSOL D4 Databook). The Polish interviews too bring out the complexity of the EU legal framework on the management of its resources. The Supreme Audit Office mentions operative problems such as the lack of coordination among the institutions that must be involved in the control activity and the scarcity of human resources available to handle the large number of cases (Supreme Audit Office, answer 3, BETKOSOL D4 Databook; similarly, the Regional Chamber of Audit in Bydgoszcz, answer 3, BETKOSOL D4 Databook). Sometimes, this observation seems to be true of Germany as well. The interview from the Internal Investigations Department (DIE), reveals an awareness of the transversality of the protection of EU financial interests within the national repression system, and a series of national operative problems that affect the system are then listed (Internal Investigations Department (DIE), answer 3, BETKOSOL D4 Databook).

As for the perception of the phenomenon, first and foremost, the Italian and Polish interviews reveal an effort to combine National and European systems protecting financial interests. This can be explained in terms of the quantity of resources received, considering that both countries are among the greatest beneficiaries of EU resources. A minor degree of overlap between them may be perceived in the Belgian and German cases. Their remain more separate and, where necessary, the tools available at the national level are considered sufficient to fulfil EU obligations.

Secondly, again in terms of perception, while the implementation of EU fund management rules is felt to be "problematic" in Italy and Poland, in the other two Member States, analysis stems from interviews showing a more pragmatic approach: specific EU rules must be followed for EU projects. If they are implemented correctly, there are no consequences. If they are not – but, in any case, with the impression of low incidence – the national prosecution service will intervene (see, regarding the German system for example, the interview with the Administrative Authority of the European Social Fund in Bremen, answer 3, BETKOSOL D4 Databook).

The "Legal framework" section: towards stabilisation of the status quo, or expected reforms?

The empirical study confirms that there is a legal framework suitable for protecting the EU's financial interests in the MSs included in the research. It was observed that both administrative and law enforcement authorities are trying to adapt their working methods to the (dynamic) legal situation. In order to bring about increased efficiency in the future, it is necessary to stabilise the *status quo*.

In Italy, the legal framework for protecting the EU's financial interests has stabilised in recent years, with the Italian legal system making no distinction regarding the origin of the funds, either at the administrative or (fraud) criminal level (see D1 of BETKOSOL project; see also CGIL, answer 2, BETKOSOL D4 Databook and the EPPO, answer 1, BETKOSOL D4 Databook). Regarding the standardisation that can be observed, this also applies to administrative and control procedures as well as to reporting practice. As far as combatting fraud against the EU's financial interests is concerned, some administrations have personnel deputed specifically to EU project reporting and monitoring (see for example, Regione Lazio, answer 1, BETKOSOL D4 Databook), and coordination bodies are envisaged within the legal system (see COLAF, answer 2, BETKOSOL D4 Databook). Ultimately, the study showed the need for not changing the existing regulatory framework again, but, on the contrary, for stabilising the current rules so as to attract investment, provide clear information for investors, and allow better training of the public administration and contracting authorities. Irregularities are not only linked to criminogenic behaviour, but in many cases to practical difficulties in understanding the complicated rules already in place. In this scenario, the current control and reporting mechanisms must be simplified, the quality of data collected on national and European public funds should be improved, and, lastly, the technical competences in the authorities and coordination between them and the actors involved must be perfected (see Regione Lazio, answer 9, BETKOSOL D4 Databook; Roma Capitale, answer 4, BETKOSOL D4 Databook; Fondirigenti, answer 4, BETKOSOL D4 Databook).

With the Public Finance Act and the Tax Control Act, Poland has implemented the obligations stemming from art. 325 TFEU, using the same anti-fraud measures to protect both national and EU financial interests. The key institution for the protection of the EU's financial interests is the National Fiscal Administration. It is not only responsible for taxes on the revenue side but also acts as an audit body on the expenditure side. The Polish legal framework provides for numerous institutions to protect the EU's financial interests, i.e., the Government Plenipotentiary for Combatting Financial Irregularities, the Adjudicatory Commissions for Breaches of Public Finance Discipline, and the Central Anti-Corruption Bureau. In the course of the study, it became apparent that the control institutions generally assess the legal solutions adopted in the Polish legal system for the protection of the EU's financial interests positively (Serowaniec et al., 2021, pp. 20–23). As far as the mainly ex-post implemented control of the use of funds is concerned, the study showed that in this respect a simple legality control is carried out rather than an assessment of efficiency oriented towards the economy principle (see also Regional Chamber of Audits in Bydgoszcz, answer 4, BETKOSOL D4 Databook). In addition, the study observed a duplication of activities due to a lack of coordination mechanisms, including the exchange of information on the results of projects that have already been completed. This practice contributes to lowering public confidence in control institutions. Against this background, it is recommended that a procedure be developed to allow an exchange of information regarding the results of the controls carried out and develop uniform control standards within all control institutions.

In Belgium, protection of the EU's financial interests takes place at the federal, regional, and commune level. Our empirical research has shown that the controlling institutions positively assess the legal solutions adopted in the Belgium legal order to protect the EU's financial interests. As far as practical implementation of the control is concerned, clear differences in the applicable financial rules between European and national projects are apparent. While projects financed exclusively with national funds are subject to control under national law alone, projects co-financed by the EU are forwarded to the EU institutions for auditing if irregularities occur, and these carry out their own audit for the EU part of the funding (see FAIE, answer 2, BETKOSOL D4 Databook). Nevertheless, this does not result in any decisive differences in the level of protection, as the audit staff is the same for national and European funds and, therefore, the focus is similar (FAASF, answer 2, BETKOSOL D4 Databook). However, both the diversity of responses to similar questions on the part of the EU and the quantity of information available affect the efficiency of the audit. In the end, the study did not reveal the need to make changes to the existing legal framework protecting the EU's financial interests, although it appeared that a difficulty for the future could be the redistribution of control competences within the EU itself (FAIE, answer 6, BETKOSOL D4 Databook).

The structural feature of the German legal framework is the synchronisation of the level of protection of national financial interests on the one hand and the financial interests of the EU on the other. The empirical study has shown that treating the financial interests involved as indiscriminately as possible, both at the administrative level and in law enforcement, fosters synergy effects that have a positive impact on the level of protection of the EU's financial interests. However, there are gaps in protection arising from the currently restrained use of the data mining tool ARACHNE. An obligation to use ARACHNE would be welcome to promote recognition of criminogenic structures and patterns across the federal states (see also Federal Ministry of Finance – Unit EA 6 answer 4, BETKOSOL D4 Databook). Moreover, improving the protection of (non-anonymous) private whistleblowers could have a positive impact on the protection of the EU's financial interests (see Internal Investigations Department (DIE), answer 9, BETKOSOL D4 Databook), as private whistleblowers play a central role as witnesses at various stages of criminal proceedings. In contrast, far-reaching efforts at standardisation come into conflict with the limits imposed by federalism (Federal Ministry of Finance – Unit EA 6 answer 3, BETKOSOL D4 Databook). This is due to the fact that both the administration of the individual programmes (co-)financed by the European Structural Funds and law enforcement are responsible for the federal states. This is true not only in relation to the mechanisms related to the provision of financial resources and the control of the individual projects, but the fraud prevention and anti-corruption systems have also been painstakingly adapted to the structural characteristics of the individual federal states (Krems, 2015, p. 6; Madauß, 2016, p. 98). In contrast, the introduction of national anti-fraud strategies for the European Structural Funds would cause practical frictions, as a national strategy using EU funds would only include a part of those used for the individual projects. At present, sufficient harmonisation between the federal states is ensured by the European and national legal frameworks.

The "critical sector": public procurement, corruption, irregularities in the submission of documents (and others)

Article 325 of the Treaty on the Functioning of the European Union (TFEU) imposes an obligation on all

Member States to counter fraud and any other illegal activities affecting the common financial interests of the European Union (Marín, 2020, pp. 36–41). It is worth mentioning that programming and managing financial resources from the EU budget is a public task of a special nature due to the importance of effective spending of these resources for countries' economic development, the need to involve numerous public institutions, and the necessity for cooperation between national governments and regional/local authorities (Chociej, 2018, pp. 157–159). Public projects using EU funds consume considerable financial resources and therefore, as empirical studies have shown, they may become the target of dishonest beneficiaries and unreliable officials (Serowaniec et al., 2021, pp. 20–23). Analysis of the qualitative interviews carried out indicates some recurring critical points and irregularities which, in all the systems analysed, characterise management and control activities concerning the legality of the use and allocation of European funds.

The main "critical sector" appears to be public procurement in at least two countries out of four. There is a real danger of non-application of the existing procurement regulations, inappropriate procurement procedures (the use of non-competitive procedures), and non-compliance with procurement conditions. In Italy, there is a real risk of non-compliance with the conditions for awarding public contracts (e.g., improper advertising, non-publication of a contract notice or non-publication of a notice of modification of the contractual conditions), unequal treatment of economic operators (requesting documents not necessary for the procedure), unauthorised modification of the material conditions of the contract with the contractor (see ANAC, answer 3 and 7, BETKOSOL D4 Databook; similar Supreme Audit Office, answer 7, BETKOSOL D4 Databook). In the Italian system, one of the main critical issues in this area is also related to the problem of subcontracting (see Regione Lazio, answer 7, BETKOSOL D4 Databook), as well as the need to use external bodies for specialised advice in this field in order to overcome the previously mentioned lack of expertise (see Roma Capitale, answer 6, BETKOSOL D4 Databook). Links between the protection of European financial interests and the state aid issue were also mentioned (see Confindustria, answer 5, BETKOSOL D4 Databook). In the Polish system, on the other hand, an important problem is collusive tendering, i.e., agreements between entrepreneurs which leads to the abandonment of competitive activities in favour of secret cooperation in making offers on the price or quality of goods or services (Chociej, 2020, pp. 306–310).

In addition to problems related to public procurement, other critical areas concern double financing of the same expenditure e.g., VAT refunds, reimbursement of expenditure subject to financing under another programme co-financed using public funds, expenditure not related to the implemented project, unjustified expenditure – related to the implemented project but not necessary – overstated expenditure, failure to take into account revenues generated by the beneficiary concerning the implemented project (see ANAC, answer 3, BETKOSOL D4 Databook; similar FAASF, answer 7, BETKOSOL D4 Databook). In this category of fraud, the Flemish Agency for Innovation and Entrepreneurship (FAIE) pointed out that the most frequent cases are due to a lack of knowledge of the applicable rules and procedures (FAIE, answer 7, BETKOSOL D4 Databook). Furthermore, the agency confirms that the main problem is the proliferation of EU institutions involved, which do not seem to be in constant communication. This makes it difficult to understand the role of the EU in funding since the different layers do not communicate seamlessly with each other (FAIE, answer 7, BETKOSOL D4 Databook).

The survey also showed that the most frequent kinds of fraud and irregularities include: failure to carry out investments applied for and for which public funds have been obtained; submission of false invoices; the use of structures for purposes other than those provided for by law; the use of (fictitious) suppliers based abroad; the use of false bank reference lists (see in particular COLAF, Answer 7, BETKOSOL D4 Databook, the Kujawsko-Pomorskie Voivodeship Marshal's Office, Answers 3 and 7, BETKOSOL D4 Databook). In the case of the Polish system, it should also be pointed out that there are cases of awarding grants to an unauthorised beneficiary, particularly due to submitting false documents or statements by the beneficiary.

The reports analysed also emphasise that corruption risks are to be expected when both public institutions and economic entities are most active, and significant public funds are spent, i.e., during the implementation of large projects. The biggest corruption risks, as remarked in the literature, are in public procurement, issuing decisions and permits and lawmaking using a process approach (Tempińska, 2021, LEX/el.).

In this context, it is worth pointing out that in the German system, risks to the financial interests (also) of the EU can be observed concerning delays in the investigation procedure, especially in connection with cross-border cases. They force the investigative procedures in the area of fraud/corruption, which are regularly time-consuming, into a "race against the statute of limitations" (Public Prosecutors Office – Corruption Department (Hamburg), answer 7, BETKOSOL D4 Databook). As research has shown, the administrative concepts for combatting and preventing fraud and corruption have proven themselves in practice (ESF Administrative Authority (Bremen), answers 3 and 8, BETKOSOL D4 Databook). Again, the Italian system reveals that "... the high number of irregularities detected does not mean that that country is at greater risk of fraud, but simply that it does more controls and does them better" (see Fondirigenti, answer 4, BETKOSOL D4 Databook).

The "Covid-19" section: what changes came about during the pandemic and in the light of the new resources?

The European Union (EU) has created an instrument to combat the severe economic and social shock caused by the Covid-19 pandemic available to the Member States. This is the so-called Next Generation EU (NGEU), approved in July 2020. To access grants and loans from the NGEU, funded by new loans raised on the markets to a value of about 750 billion euros, each Member State had to submit a National Recovery and Resilience Plan (NRRP) to the European Commission containing actions, projects, and reforms to be implemented by 2026 (Fabbrini, 2022).

The large quantity of financial resources transferred from the EU to the Member States has put the Commission on the alert. In order to ensure the protection of the European financial interests, the Commission has therefore asked the Member States to demonstrate in their NRRPs the effectiveness of the instruments (if any are already in existence) used to prevent, detect and correct corruption, fraud or conflicts of interest in the use of European resources (European Commission, Guidance to Member States. Recovery and Resilience Plans, Brussels, 22.1.2021, 12 final).

Our empirical research has shown that the need to strengthen the protection of European financial interests following the Covid pandemic19 and the approval of the NRRPs was not perceived in equal measure by the national public administrations interviewed.

The country that has experienced this change the most is Italy. Not surprisingly, since Italy is the main beneficiary of NGUE resources. Here, both national and local institutions are involved in the procedures of auditing the spending of EU funds. What emerged is that Italian public administrations perceived some changes in the protection of the EU financial interests after the outbreak of the pandemic. They also expect further changes in the way national institutions will work in the near future.

For example, the Committee for the Fight Against Community Fraud (the Italian Colaf) highlighted that new risks of pandemic-related irregularities have required closer coordination among the various competent structures in the Operational Programmes (Colaf, answers 5, and 6, BETKOSOL D4 Databook). Local institutions (Regione Lazio and Roma Capitale) stated that the Covid-19 emergency has poured EU funds into supporting public spending to contain the social and economic effects of lockdown (Regione Lazio, answers 5–6, BETKOSOL D4 Databook). Local institutions require greater skills and human resources to manage and control EU funds. In their view, it is more advantageous to strengthen existing offices than to turn to external service providers (see, section 3 above on the point; see also Roma Capitale, answers 5–6, BETKOSOL D4 Databook).

Some changes resulting from the Covid-19 pandemic were also recorded in Poland, while others are expected (Serowaniec, 2021). Just when the pandemic broke out, the protection of European financial interests became problematic because controls did not take place as the had done before. Only later was it decided to introduce a two-stage control: remote (verification of submitted documentation), and stationary (field monitoring visit).

However, institutional control systematically encountered problems with the timely submission of documents by beneficiaries. This significantly prolonged the control process. Moreover, beneficiaries often breached the rules of the so-called Covid-19 expenditures. In fact, the amended Public Procurement Law gave beneficiaries, among other things, the possibility of purchasing certain goods without tendering (Robaczyński, 2021). This became an area of serious abuse (Kujawsko-Pomorskie Voivodeship Marshal's Office, answer 5, BETKOSOL D4 Databook).

The biggest change that Polish institutions expect in order to better protect European financial interests in the future is the use of new technologies in control procedures, such as remote control (Supreme Audit Office – Regional Branch in Bydgoszcz, answer 6, BETKOSOL D4 Databook).

Germany and Belgium must be treated separately; there have been no significant changes in the protection of European financial interests during the pandemic, nor are such changes expected in the future in relation to the implementation of their NRRPs.

There was a real risk of double funding in Germany during the pandemic. This was due to the existence of many different aid programmes at federal and state levels. However, increased awareness by the administrative authorities made it possible to contain this risk. Even though more funds have been available since the outbreak of the pandemic, the existing systems have proven able to protect national financial interests as well as the European financial interests (ESF Administrative Authority (Bremen), answer 5, BETKOSOL D4 Databook).

Also the Belgian institutions see no changes in the way the protection of the EU financial interests will be carried out. The Federal Public Justice Service states that no indication has been given regarding increasingly significant issues concerning the pandemic and the new post-pandemic context (FPJS, answer 5, BETKOSOL D4 Databook). Furthermore, the Flemish Agency for Innovation and Entrepreneurship (FAIE) argues that it is difficult to make a general distinction between the pre- and post-Covid periods. In fact, the control mechanisms have not changed (FAIE, answer 5, BETKOSOL D4 Databook). The Flemish Audit Authority for EU Structural Funds (FAASF) too states that no significant changes have been detected (FAASF, answer 5, BETKOSOL D4 Databook).

The added value of the supranational level. Insights from EU institutions

The results from the EU institution's interviews partially confirm what has been said above concerning the national scenarios.

First, many interviewees agree on the differences among MSs in the protection of the EU's financial interests (EC, answer 3, BETKOSOL D4 Databook; OLAF(1), answer 1, BETKOSOL D4 Databook; EIB, answer 1, BETKOSOL D4 Databook).

Secondly, legislative complexity is also mentioned frequently, together with the problems relating to the public procurement sector. For example, both these factors emerged from the OLAF(1) interview regarding the principal difficulties: "Breaches of public procurement rules. Complex rules often incorrectly applied by managing authorities" (OLAF(1), answer 7, BETKOSOL D4 Databook; see also ECA, answer 4 and 6, BETKOSOL D4 Databook).

Thirdly, regarding the effects of the pandemic, the EU institutions interviewed see the emergency of the last few years as bringing a risk of new kinds of fraud (for example, EC, answer 5, BETKOSOL D4 Databook). Some information on the increase of fraud during the pandemic in the MSs comes from the EPPO, even though: "There has been no particular change in the types of fraud [. . .]" (EC, answer 5, BETKOSOL D4 Databook; see also OLAF(2), answer 5, BETKOSOL D4 Databook). The interviewee considers the phenomenon to be ingrained, also for the future, especially with the advent of the NGEU (Codogno & van den Noord, 2020; De la Porte & Jensen, 2021; Lionello, 2020; Piana & Nato, 2020). Nevertheless, during the pandemic, innovative and different investigative techniques were tried out in the European scenario; for example, market analysis or the analysis of capital movements and the opening and closing of companies. We might also highlight answer 6 by OLAF (2), according to which the protection of NGEU funds puts OLAF at the centre of a complex web that, however, sees the national authorities in the front line of control (Arwidi & Kreith, 2021; Buksa & Roebling, 2021; Hofmann & Stoykov, 2019). This element stresses even more the importance of national legal systems for the protection of the EU's financial interests in the future (the ECA is even more critical; cf. answer 5, BETKOSOL D4 Databook).

It is also possible to draw up additional information from the European interviews.

To begin with, there is an impression of an urgent need for institutional coordination. A key governance issue arises in the relationship between OLAF and the EPPO (Bachmaier Winter, 2018a; De Bellis, 2021; Groussot & Popov, 2010; Kolloczek & Echanove Gonzalez de Anleo, 2021; Ligeti & Weyembergh, 2015; Weyembergh & Brière, 2018). For example, OLAF(2) observes that complementarity between the EPPO and OLAF is a strong asset (answer 6). According to this interviewee, the first months of cooperation between OLAF and the EPPO have yielded good results. Quite a different opinion can be gleaned from the EPPO interview (see especially EPPO, answer 4, BETKOSOL D4 Databook). While the EPPO considers OLAF to be a "support" institution, the latter still perceives itself as a policy-making body. In the case of the EC, the interviewee has a positive projection of the EPPO, especially from the point of view of the benefits of coordination with Europol and its databases (EC, answer 6, BETKOSOL D4 Databook). Europol is also mentioned in the BEI interview, where it is observed that an agreement is being signed with Europol for the exchange of information, and EIB has bilateral agreements with various judicial, investigative, and administrative bodies around the world. An agreement has also already been signed with the EPPO (EPPO, answer 3, BETKOSOL D4 Databook). In addition, the interviewee from the ECA mentions problems of coordination with other EU institutions, specifically with the EIB and the European Central Bank (ECB).

Moreover, a lack of coordination between the national and European levels is perceived as an urgent problem. The European Prosecutor observes, for example: "The main problem the EPPO faces is related to cooperation with national authorities, which are giving different answers, both in providing it with the necessary human resources and with respect to practical support in carrying out investigations, as well as institutional cooperation [. . .]" (EPPO, answer 3, BETKOSOL D4 Databook but, in similar terms, also ECA, answer 3, BETKOSOL D4 Databook).

Another observation to report from the European interviews is the opinion that further harmonisation among MSs in terms of criminal law would be welcome (EPPO, answer 3, BETKOSOL D4 Databook). Looking to the future, there is a need to standardise criminal procedural rules relating to EPPO activities. Harmonisation has its limits because, of course, the directive can only rule within certain limits but, at a certain point, there will be a need to legislate directly by means of regulation. In particular, the EPPO suggests the idea of a European code of criminal procedure, adding that lawyers themselves tend to ask for it (EPPO, answer 9, BETKOSOL D4 Databook; Roebling & Buksa, 2021; Bachmaier Winter, 2018b; Mitsilegas, 2016; Satzger, 2018; Scholten & Luchtman, 2017).

In conclusion, studies on the topic should address the phenomenon from two points of view (OLAF(2), answer 1, BETKOSOL D4 Databook). On the one hand, there is the efficiency of national systems in protecting financial interests to guarantee the European one; on the other, the efficiency of the European legal order in terms of governance and legal framework with regard to the protection of its own financial interests can also protect national interests in some way (probably more on the revenue side, considering expected future developments). If this 'communicating vessel' system can be observed, then it indeed goes to prove even more that the difference between the National and the European financial interests – the core of the theoretical notion and not the way in which the protection is fulfilled – tends to blur as European integration progresses.

Better solutions from better knowledge: policy recommendations

Three main challenges can be identified from this empirical research.

The first group of issues relates to coordination between the actors within the system. Clearly, there are too many actors at the EU and national levels. They sometimes relate to each other dysfunctionally and, at times, due to the way the regulation has evolved, are forced to change how they operate.

The second group is partly the consequence of the first, but it is also the result of the parallel disciplines of prevention and prosecution of different crimes, involving similar inspection, control, and investigation procedures. For example, these activities include anti-fraud, anti-corruption, and anti-money laundering, leading to various reactions and actions by a variety of different actors at the European and national levels, often with overlapping but poorly coordinated functions.

The third category of problems is mainly linked to the implementation deadlines for the Recovery and Resilience Facility (RRF). Similar issues were observed with funds spent or allocated during the pandemic, considering that the time factor is even more important (emergency). The system of conditions and possible sanctions imposed by the EC for the RRF forces MSs to find a plausible result for an almost impossible equation. On the one hand, the deadlines for implementing the national plans are very tight, and it is therefore necessary to work on the simplification of structures, procedures and planning. On the other hand, the system of administrative controls remains very complex, so equally complex rethinking is needed both from the European and, especially, the national perspective, in particular in Italy and, in the future, in Poland.

Regarding all this, policy recommendations are:

(1) to promote institutional coordination and seeking to simplify the system. In particular, in horizontal terms, network or structural coordination should be preferred to multiple bilateral memoranda of understanding. Vertical coordination – between the European and national levels – in terms of the management and control of EU resources should be guaranteed thanks to the availability and standardisation of data, as well as with institutional joint actions.
(2) the need to coordinate generalist and sectorial institutions deputed to control through regulation (institutional coordination through functional coordination).
(3) technological innovation and data interoperability. These could play an important role in simplifying implementation but, at the same time, in guaranteeing control. However, these instruments must become operational as soon as possible, at both national and European levels.
(4) transparency. The mechanism appointed for controls should be more transparent with regard to clarity regarding the tasks to be carried out and the information flow between the different actors involved in controls. Examples include that guidelines from European institutions to national ones in terms of orienting controls for the RRF should be open to citizens. The role of parliamentary control should also be assessed.
(5) coordination between prevention (administrative) and prosecution (administrative-criminal) systems needs to improve, especially when the funds at stake are under time constraints and it is necessary to quickly set up all the controls required from the initial stage to the final one as soon as possible.

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Appendix

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Appendix A. Questionnaire for institutions

Available on the BETKOSOL project website, working package No. 3, DATABOOK, https://betkosol.luiss.it/.

Questionnaires for EU and MS institutions	
SECTION I	*A. BACKGROUND*
1.a: *If relevant, do you think there are differences between the way in which the national and EU financial interests are protected in your institution (i.e. the presence of specific offices, HRs, expertise). If not, why in your opinion?*	
2.a: *If relevant, which kind of control procedures are led in your institution about the management of EU funds and the guarantee of the protection of the EU financial interest?*	
3.a: *In your and of your institution's daily-work, which are the main difficulties/obstacles you have in the achievement of the protection of the EU financial interest? (i.e. coordination with other institutions)*	
SECTION II	*B. GENERAL UNDERSTANDING OF THE PHENOMENON*
4.b: *According to your experience in your institution and in general in the field, what can your country (and/or institution) work on to improve its skills in the EU funds management and in contrasting frauds? (i.e. reforms, best practices, horizontal public cooperation)*	
5.b: *According to your working experience, do you perceive some changes in the protection of the EU financial interest after the outbreak of the pandemic? If yes, can you indicate some examples? (i.e. new risk of frauds; new governance systems; the necessity of new controls)*	
6.b: *Do you expect relevant changes in the way in which your institution will work in the future, about the protection of the EU financial interest? (i.e. considering the NGEU programme; or the recent birth of the EPPO)*	
SECTION III	*C. EXAMPLES-CONCRETE PRACTICES-BEST PRACTICES*
7.c: *Can you indicate, according to your experience and the functions of your institution, some concrete examples of the most recurrent irregularities, risks and frauds affecting the EU financial interest?*	
8.c: *Have you knowledge of recent case-law that could be considered relevant for the topic at stake?*	
9.c: *Are there any relevant best practices in your knowledge that you want to suggest/share for the purpose of the research?*	

Appendix B. Questionnaire for target groups

Available on the BETKOSOL project website, working package No. 3, DATABOOK, https://betkosol.luiss.it/.

Questionnaire for Target Group	
Section I	***A. BACKGROUND***
1.a: *According to your data (if any) your organization of how many European funds have benefited in the last 5 years? If so, which ones?*	
2.a: *If relevant, do you think there are differences between the way in which the national and EU financial interests are protected in your institution (i.e. the presence of specific offices, HRs, expertise). If not, why in your opinion?*	
SECTION II	***B. GENERAL UNDERSTANDING OF THE PHENOMENON***
3.b: *Was the economic endowment of the measures allocated by the EU and Member States in your sector sufficient?*	
4.b: *Do you promote actions to make your members aware of the correct use of EU funds? If so, can you give an example?*	
5.b: *According to your working experience, do you perceive some changes in the protection of the EU financial interest after the outbreak of the pandemic? If yes, can you indicate some examples? (i.e. new risk of frauds; new governance systems; the necessity of new controls)*	
6.b: *Do you expect relevant changes in the way in which your organization will work in the future, about the protection of the EU financial interest? (i.e. considering the NGEU programme; or the recent birth of the EPPO)?*	
SECTION III	***C. EXAMPLES-CONCRETE PRACTICES-BEST PRACTICES***
7.c: *Can you indicate, according to your experience and the functions of your organization, some concrete examples of the most recurrent irregularities, risks and frauds affecting the EU financial interest?*	
8.c: *Has your knowledge of recent case-law that could be considered relevant for the topic at stake?*	
9.c: *Are there any relevant best practices in your knowledge that you want to suggest/share for the purpose of the research?*	