



Mid-term Evaluation of the Hercule III Programme

Final Report

Written by CEPS, Economisti Associati, CASE, wedoIT
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Final Report

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ABSTRACT

In compliance with Article 13 of Regulation (EU) No 250/2014 establishing the Hercule III Programme, the Evaluation Roadmap prepared by OLAF and the Better Regulation Guidelines, this mid-term evaluation assesses the relevance, coherence, effectiveness, efficiency, EU added value and sustainability of the Programme. Based on primary data collected from 574 stakeholders and extensive desk research, it is concluded that Hercule III scores well in all the evaluation criteria. In addition, the Programme appears to indirectly contribute to the targets of the Europe 2020 strategy. Therefore, the evaluation recommends the funding of a new edition of the Programme in order to sustain the protection of the EU financial interests in the coming years. Whereas no major changes would be required in the structure of the Programme, it is advisable to introduce certain improvements to enhance the current performance of Hercule III and its future editions. In this respect, the Programme should, *inter alia*, allocate more resources to protecting EU financial interests on the expenditure side of the budget, fighting against corruption and VAT fraud, fostering cross-border cooperation and procuring and making technical equipment available to national authorities.

RÉSUMÉ

Conformément à l'article 13 du règlement (UE) n° 250/2014 établissant le programme Hercule III, la feuille de route pour l'évaluation préparée par l'OLAF et les lignes directrices pour l'amélioration de la réglementation, la présente évaluation à mi-parcours évalue la pertinence, la cohérence, l'efficacité, l'efficience, la valeur ajoutée européenne et la durabilité du programme. Sur la base de données primaires collectées auprès de 574 parties prenantes et d'une recherche documentaire approfondie, il a été conclu que Hercule III atteignait de manière satisfaisante tous les critères d'évaluation. En outre, le programme semble contribuer indirectement à la réalisation des objectifs de la stratégie Europe 2020. L'évaluation recommande par conséquent le financement d'une nouvelle édition du programme en vue de pérenniser la protection des intérêts financiers de l'UE au cours des années à venir. Si aucune modification majeure de la structure du programme n'est requise, il est cependant conseillé d'apporter certaines améliorations afin de renforcer les performances actuelles de Hercule III et celles de ses futures éditions. À cet égard, le programme devrait notamment allouer davantage de ressources à la protection des intérêts financiers de l'UE dans la partie dépenses du budget, à la lutte contre la corruption et la fraude à la TVA, à la promotion de la coopération transfrontalière et à l'achat et à la mise à disposition de matériel technique aux autorités nationales.

KURZÜBERSICHT

In Übereinstimmung mit Artikel 13 der Verordnung (EU) Nr. 250/2014, mit der Hercule III eingeführt wurde, mit dem Bewertungsfahrplan von OLAF und den Leitlinien für eine bessere Rechtsetzung prüft diese Halbzeitbewertung Relevanz, Kohärenz, Wirksamkeit, Effizienz, europäischen Mehrwert und Nachhaltigkeit des Programms. Auf der Grundlage von Primärdaten, die durch die Befragung von 574 Akteuren erhoben wurden, und einer umfassenden Sekundärforschung kommt die Bewertung zu dem Ergebnis, dass Hercule III bei sämtlichen Bewertungskriterien gut abschneidet. Außerdem trägt das Programm mittelbar zu den Zielen der Strategie Europa 2020 bei. Daher empfiehlt das Bewertungsteam die Finanzierung einer neuen Auflage des Programms, um die finanziellen Interessen der Union auch in den kommenden Jahren ausreichend zu schützen. Obwohl die Struktur des Programms nicht wesentlich überarbeitet werden muss, gibt es dennoch eine Reihe von Verbesserungsvorschlägen, mit denen die Leistung von Hercule III und von künftigen Ausgaben des Programms gesteigert werden kann. In dieser Hinsicht sollte das Programm unter anderem mehr Ressourcen für den Schutz der finanziellen Interessen der EU auf der Ausgabenseite des Budgets, für den Kampf gegen Korruption und Mehrwertsteuerbetrug, die Förderung grenzüberschreitender Kooperations- und Beschaffungsprojekte und die Bereitstellung von technischer Ausrüstung an Behörden der Mitgliedstaaten bereitstellen.

LIST OF ACRONYMS AND ABBREVIATIONS

AFT	Anti-fraud Training
AFCOS	Anti-fraud Coordination Service
Annual Implementation Report	Commission Staff Working Document, Annual overview with information on the results of the Hercule III Programme, accompanying the document "Report from the Commission to the European Parliament and the Council on the Protection of the European Union's financial interests - Fight against Fraud Annual Report"
Annual Work Programme	Annual Work Programme (AWP) for the implementation of the 2014-2020 Hercule III Programme established by Regulation (EU) No 250/2014, annex to the Commission decision concerning the adoption of the annual work programme and the financing of the Hercule III Programme
Assignment	Mid-term evaluation of the Hercule III Programme
COCOLAF	Advisory Committee for the Coordination of Fraud Prevention
EU	European Union
Evaluation Roadmap	Evaluation and Fitness Check (FC) Roadmap – Mid-term evaluation of the implementation of the Hercule III programme, established by Regulation (EU) No 250/2014
IA	Impact Assessment accompanying the proposal for a Regulation on the Hercule III programme to promote activities in the field of the protection of the European Union's financial interests – SEC(2011)1610 final
IT	Information technology
ISG	Steering Group
JRC	Joint Research Centre
LTS	Legal Training and Studies
MS	Member State
OLAF	European Commission, European Anti-Fraud Office
PFI	Protection of the financial interests of the EU
PFI Reports	Commission's Annual Report under Article 325 TFEU on the protection of the EU financial interests
Programme	The Hercule III Programme

Regulation	Regulation (EU) No 250/2014 of the European Parliament and of the Council of 26 February 2014 establishing a programme to promote activities in the field of the protection of the financial interests of the European Union (Hercule III programme) and repealing Decision No 804/2004/EC
TA	Technical Assistance
TFEU	Treaty on the Functioning of the European Union
VAT	Value Added Tax

GLOSSARY

General objective	Protecting EU financial interests, thus enhancing the competitiveness of the European economy and ensuring the protection of the taxpayers' money (Article 3 of Regulation 250/2014).
Specific objective	Preventing and combatting fraud, corruption and other illegal activities against EU financial interests, including cigarette smuggling and counterfeiting (Article 4 of Regulation 250/2014).
Operational objectives	<ol style="list-style-type: none">1. To improve the prevention and investigation of fraud and other illegal activities beyond current levels by enhancing transnational and multidisciplinary cooperation;2. to increase the protection of the financial interests of the Union against fraud by facilitating the exchange of information, experiences and best practices, including staff exchanges;3. to strengthen the fight against fraud and other illegal activities by providing technical and operational support to national investigation, and in particular customs and law enforcement, authorities;4. to limit the currently known exposure of the financial interests of the Union to fraud, corruption and other illegal activities with a view to reducing the development of an illegal economy in key risk areas such as organised fraud, including cigarette smuggling and counterfeiting;5. to enhance the degree of development of the specific legal and judicial protection of the financial interests of the Union against fraud by promoting comparative law analysis (Article 5 of Regulation 250/2014).
Institutional stakeholders	Institutional stakeholders include officials from OLAF, other Commission services and national institutions in Austria, Bulgaria, France, Germany, Italy, Lithuania, Poland, Romania and Slovenia.
Beneficiaries	Bodies awarded a grant funded by the Hercule III Programme in 2014 and 2015.
Unsuccessful applicants	Bodies that applied without success to the Hercule III calls for proposals in 2014, 2015 and 2016.

Participants in events Individuals who took part in events (conferences, seminars, training, etc.) funded by Hercule III grants awarded in 2014 and 2015.

Users of services Individuals accessing services purchased under procurement and made available to EU, national and regional institutions. Users of services comprise:

- users of statistics and IT tools;
- users of databases;
- users of services to carry out chemical analysis of samples from tobacco and/or cigarette seizures.

EXECUTIVE SUMMARY

The Hercule Programme is the sole instrument that is specifically dedicated to **protecting the financial interests of the EU** by supporting the fight against fraud specifically linked to the EU budget. Since its launch in 2004, the Hercule Programme has been administrated by the **European Anti-Fraud Office (OLAF)** of the European Commission. Hercule III, established by Regulation (EU) No 250/2014, represents the third edition of the Programme. It has a financial envelope of above €100 million over a seven-year period from January 2014 to December 2020. Between 2014 and 2016, about 170 actions were funded by Hercule III via grants or procurement. In the same period, the overall committed budget amounted to more than €41 million of which the largest share (75%) was distributed via grant agreements. From 2014 to 2016, some 1,700 participants took part each year in events (including conferences, seminars and training) funded by Hercule III.

In compliance with Article 13 of the Regulation establishing the Programme, the Evaluation Roadmap prepared by OLAF and the Better Regulation Guidelines and in view of the renewal, modification or suspension of the Programme, the Evaluation Team was requested to carry out an **independent mid-term evaluation** of the Hercule III Programme. More specifically, the evaluation aimed to assess six criteria (namely relevance, coherence, effectiveness, efficiency, EU added value and sustainability) by answering ten evaluation questions.

Data sources

The mid-term evaluation was based on a **mix of primary and secondary data**. Primary data and information were collected via: i) semi-structured interviews with EU and national institutions and beneficiaries of actions co-financed by Hercule III grants; and ii) four online surveys with beneficiaries, unsuccessful applicants, participants in events and users of services. The Evaluation Team consulted 574 stakeholders, comprising 16 officials of EU or national institutions, 56 beneficiaries (i.e. 71% of all beneficiaries), 67 unsuccessful applicants (i.e. 25% of all unsuccessful applicants), 321 participants in events (i.e. 27% of all participants invited to reply) and 112 users of services (i.e. 31% of all users invited to reply). Whereas 49 stakeholders (i.e. all officials from institutions and 33 beneficiaries) were interviewed, the remaining stakeholders participated in the online surveys.

Secondary data and information were retrieved from publicly available data sources such as the Regulation establishing Hercule III and accompanying material, Annual Work Programmes, Annual Implementation Reports, PFI Reports, etc. In addition, the Evaluation Team reviewed all the application forms (79) and available reporting documents (49) for the 79 actions funded via grant agreements during 2014 and 2015.

Limitations

The Evaluation Team drew **robust conclusions for all evaluation questions**, thanks to the population coverage ensured by the consulted national institutions and beneficiaries. As the shares of the total population represented by unsuccessful applicants, participants in events and users of services were relatively lower, more caution was required when interpreting conclusions based on these surveys. Therefore, to ensure the highest quality of the findings, all the EQ were addressed by **combining feedback from more than one stakeholder category**. In addition, data and information collected from stakeholders were compared with **evidence retrieved from application forms and reporting documents** in order to ascertain consistency across data sources consulted to perform this Assignment.

The **timing of the mid-term evaluation** complies with Article 13 of the Regulation establishing the Hercule III Programme, which requires the Commission to present an independent mid-term evaluation report to the European Parliament and the Council by 31 December 2017. Against this background, to complete the Assignment on time, the mid-term evaluation was confined to actions funded during the first two years of the Programme (2014 and 2015). As regards 2016, the analysis was limited to applications received in the context of calls for proposals; in fact, no action co-financed by Hercule III grants for 2016 calls had been completed by the time fieldwork activities were being conducted for this Assignment. Whereas this limitation cannot be overcome in the context of this mid-term evaluation, when setting deadlines for the next edition of the Programme, a one-year extension is advised in the deadline for preparing the next mid-term evaluation; this would allow for a more complete accounting of the Programme's outcomes.

Actions funded via grant agreements were evaluated primarily on the basis of available primary and secondary data and information. The evaluation of several actions funded under procurement was performed based on feedback provided by respondents to the online survey with users of services. The evaluation of the remaining actions was not performed, as confidentiality, data protection and contractual reasons did not allow relevant data and information to be requested from contractors. At any rate, such actions represented only about 10% of the overall commitments in the first two years of the Programme and therefore, **the Assignment covered more than 90% of the Hercule III budget**.

Main conclusions of the evaluation

1. Relevance

The specific and operational objectives that the Programme aims to achieve are relevant to the PFI (protection of the EU financial interests). More specifically, most of the consulted stakeholders confirmed an alignment between operational, specific and general objectives of Hercule III. In addition, addressing all the needs and problems that were originally tackled by the Hercule III Programme still

contributes to the PFI. In fact, the majority of respondents in all stakeholder categories considered such problems still relevant.

All eligible actions play a relevant part in the achievement of Programme objectives. Again, most of the consulted stakeholders believe that all actions contribute to the Programme's specific and operational objectives. Reportedly, some actions seem to be less relevant than others in achieving the Programme's objectives, e.g. "*purchase of services to carry out chemical analysis of samples from tobacco and cigarette seizures*" and "*purchase of services to store and destroy seized cigarettes and other counterfeit goods*". Nonetheless, there is no agreement on this point between beneficiaries interested in different categories of action. It is worth remarking that the alignment between eligible actions and the Programme's objectives is also ensured by a specific award criterion included in all calls for proposals. In this context, however, some stakeholders consulted for this Assignment suggested **expanding the scope of the Programme** to increase its relevance by: i) considering other problems affecting the PFI; ii) targeting additional operational objectives; and iii) funding new specific actions.

2. Coherence

Between 2014 and 2016, about 80% of the commitments were directed to TA actions, some 20% to Training actions and a marginal share to other actions. The current budget allocation is therefore fully compliant with the indicative allocation of funds established by the Regulation, thus ensuring the degree of internal coherence among different categories of actions expected by the legislator. Therefore, **no change in the overall allocation of funds is required**. In preparing the next edition of the Programme, however, the limited interest shown by beneficiaries thus far in "*services to store and destroy seized cigarettes and other counterfeit goods*" should be taken into account.

While three-quarters of the budget was invested via grant agreements, one-quarter aimed to procure events, training, services and studies. This budget distribution further supports the internal coherence of the Programme insofar as it ensures the right balance between meeting stakeholders' requests and ensuring that some actions (high-level conferences, digital forensics courses, databases for risk analysis, etc.) that are particularly relevant to the PFI are performed irrespective of grant applications.

Only a limited number of national institutions interviewed for this Assignment were familiar with other EU-funded programmes. In the same vein, only a small share of beneficiaries and unsuccessful applicants submitted applications to other EU programmes for similar or complementary actions. These findings seem to indicate **limited possibilities for synergies or overlaps between programmes**. At any rate, most of the consulted stakeholders that had some experience with other EU-funded programmes detected more synergies than overlaps.

The legal foundations of all other programmes appear to generate some synergies with Hercule III; they also leave some room for overlaps with regard to targeted entities and actions. At any rate, both formal and informal mechanisms are in place across Commission DGs to avoid overlaps and ensure synergies between EU-funded programmes. In fact, Annual Work Programmes are subject to inter-service consultation. Reportedly, this mechanism works very well when it comes to overlaps; synergies are better ensured by informal coordination at the operational level. If fighting against corruption and VAT fraud becomes more central in Hercule III, in order to increase its relevance, it is advised to maximise synergies with other programmes managed by DG TAXUD and DG HOME, which touch upon these two crimes that harm the PFI.

3. Effectiveness

The actions co-financed by Hercule III grants contributed to the achievement of the Programme's general, specific and operational objectives. More than 80 events were arranged under AFT (Anti-fraud Training) and LTS (Legal Training and Studies) actions. These events covered topical issues in the field of PFI, thus contributing to the alignment between expected and actual outputs (i.e. the most immediate results) of the Programme. Also, for TA (Technical Assistance) actions, the actual outputs appeared to be aligned with expected outputs. Nonetheless, more funds could be allotted to staff exchanges between national administrations; this result could be achieved by establishing a new specific TA action.

The large majority of beneficiaries stated that actions funded by Hercule III yielded **results that are generally aligned with the Programme's expected outcomes** (i.e. the short-/medium-term changes affecting the Programme's addressees). Outcome indicators measured for AFT and LTS actions confirmed the alignment between actual and expected outcomes of the Programme. This conclusion is further corroborated by feedback of participants in events funded by Hercule III grants. To better achieve some of the operational objectives of the Programme, however, the fostering of international participation in AFT and LTS events is suggested. Most of the beneficiaries of TA actions were not in a position to provide outcome indicators; therefore, it is not possible to draw conclusions with specific regard to outcomes of TA actions funded via grants. Nonetheless, the users of services procured by Hercule III emphasised the effectiveness of these actions when it comes to the achievement of expected outcomes. A shift in the deadline for preparing the mid-term evaluation of the next edition of the Programme coupled with a simplification of outcome indicators spelled out in Article 4 of the Regulation would allow for a more complete accounting of TA action outcomes.

Whereas the long-term impacts of the Programme cannot be captured by a mid-term evaluation, official statistics on reported fraud and irregularities indicate that Hercule III and future versions of the Programme should invest more in protecting EU

financial interests on the expenditure side of the budget, as well as in fighting corruption and VAT fraud.

Many external factors play a role in the achievement of Hercule III Programme objectives; the ability of fraudsters to *“adapt quickly to new circumstances at the EU level, operate cross-border and exploit the weakest points in the external borders”* is the most important. Such external factors tend to harm the PFI and require continued efforts by national authorities to combat and prevent fraud. These efforts are supported, to the extent possible, by Hercule III actions.

4. Efficiency

The average beneficiary of the Programme spent about 18 person-days to prepare an application to the Programme, 4.4 person-days for signing the grant agreement and 13 person-days for complying with reporting obligations. In other words, the average beneficiary faced regulatory costs in the region of €4,500 to perform administrative activities related to the Programme. **Regulatory costs linked to the application phase yield “value for money”**. AFT beneficiaries were expected to get €12.40 for each euro spent in preparing a proposal. The expected return on investment for LTS proposals was €7.30 for each euro spent. Beneficiaries of TA grants were expected to receive €66.80, as the average grant requested was much larger. Costs incurred to perform all the administrative activities related to Hercule III represented about 1% of the average grant requested by TA beneficiaries, about 6% for AFT actions and 13% for LTS actions. An improvement was recorded for AFT actions between 2014 and 2015.

On average, EU cost per participant in AFT events funded by Hercule III grants was €467. The average cost was higher for events including a larger share of participants from a different country (€799 vs. €364), as travel expenses have a major impact on participation costs. EU cost per participant in LTS events was €694; yet this also includes the cost of publications presented at the events. The average costs per participant in AFT and LTS events are broadly aligned with costs registered in other EU-funded programmes. This indicates the **cost-effectiveness of AFT and LTS actions**. Outcome indicators are available for only a limited number of TA actions. Therefore, no general conclusions can be drawn with regard to their cost-effectiveness.

About 30% of applicants stated that the application process is too cumbersome. Only 14% of the beneficiaries stated the same for the grant award and contracting phase. More than one-third of beneficiaries considered the reporting phase too cumbersome. If their suggestions for streamlining each phase of the process were accepted, an estimated €2,000 per action would be saved. Suggestions include, *inter alia*, digitalising the entire process, postponing some information obligations to the grant award phase and simplifying the reporting activities. The room for simplification is, however, limited by regulatory obligations that are inherent to EU procurement and those that are set out by the Regulation. Therefore, a further increase in the minimum budget for AFT and, especially, LTS actions could be another effective solution.

5. EU added value

The results and benefits stemming from actions funded by Hercule III would not materialise without the support of the Programme or equivalent EU funding. Consulted stakeholders almost unanimously recognised the **added value of the Programme and its essential contribution to generating unique results and benefits**. Hercule III also allows for better protection of EU external borders with positive spillover effects for all Member States as confirmed by most of the consulted stakeholders. In addition, stakeholders' feedback shows that Hercule III enables cross-border cooperation, cross-border exchange of information and cross-border exchange of best practices. It also facilitates long-lasting cooperation across borders, especially among participants in events.

Beneficiaries of actions funded by Hercule III and relevant EU and national institutions emphasised that the Programme allows for a more efficient use of financial resources than national interventions in the same field, for instance by generating cost savings or allowing better deals to be struck. Furthermore, transparency and reporting requirements, which beneficiaries are requested to abide by, improve planning, monitoring and quality standards of beneficiary organisations. This additional achievement confirms the EU added value generated by the Programme; it also has a positive impact on the management of financial resources provided by Hercule III.

In this context, to further improve the EU added value of the Programme, it is suggested that cross-border cooperation in TA actions should be increased (for instance, by funding actions involving authorities from several Member States or by introducing a new action aiming to foster staff exchanges across borders) and, to the extent possible, invest more in centralised procurement of technical equipment (whose potential is not fully exploited).

6. Sustainability

Consulted stakeholders explained that the actions funded by the Programme will continue producing benefits, even after their completion. Nonetheless, a substantial share of beneficiary organisations would not continue to perform actions that are now eligible for funding, if the Programme were to be terminated. Therefore, benefits generated by Hercule III in terms of increased protection of EU financial interests are likely to fade away if **the Programme is terminated. Thus, it is suggested that the Programme should be continued in order to ensure at least a comparable level of PFI in coming years.**

RÉSUMÉ ANALYTIQUE

Le programme Hercule est le seul instrument spécifiquement destiné à **protéger les intérêts financiers de l'UE** en soutenant la lutte contre la fraude visant particulièrement le budget de l'UE. Depuis son lancement en 2004, le programme Hercule est géré par l'**Office européen de lutte antifraude (OLAF)** de la Commission européenne. Hercule III, établi par le règlement (UE) n° 250/2014, est la troisième édition du programme. Il s'est vu allouer une enveloppe financière de plus de 100 millions d'euros sur une période de sept ans (de janvier 2014 à décembre 2020). Entre 2014 et 2016, quelques 170 actions ont été financées par Hercule III, au moyen de subventions ou de passations de marchés. Sur la même période, le budget global engagé s'élevait à plus de 41 millions d'euros, dont la plus grande partie (75 %) a été distribuée au moyen de conventions de subvention. Entre 2014 et 2016, quelques 1 700 participants ont participé chaque année à des événements (dont des conférences, des séminaires et des formations) financés par Hercule III.

Conformément à l'article 13 du règlement établissant le programme, à la feuille de route pour l'évaluation élaborée par l'OLAF et aux lignes directrices pour l'amélioration de la réglementation, et en vue de la reconduction, de la modification ou de la suspension du programme, l'équipe d'évaluation a été chargée de réaliser une **évaluation indépendante à mi-parcours** du programme Hercule III. Cette évaluation visait plus particulièrement à examiner six critères (pertinence, cohérence, efficacité, efficience, valeur ajoutée européenne et durabilité) en répondant à dix questions d'évaluation.

Sources de données

L'évaluation à mi-parcours était basée sur une **combinaison de données primaires et secondaires**. Les données et informations primaires ont été collectées au moyen i) d'entretiens semi-guidés avec les institutions et bénéficiaires nationaux et européens des actions cofinancées par les subventions Hercule III, et ii) de quatre enquêtes en ligne menées auprès de bénéficiaires, de demandeurs dont la demande a été rejetée, de participants à des événements et d'utilisateurs de services. L'équipe d'évaluation a consulté 574 parties prenantes, dont 16 fonctionnaires d'institutions nationales ou européennes, 56 bénéficiaires (soit 71 % de l'ensemble des bénéficiaires), 67 demandeurs dont la demande a été rejetée (soit 25 % de l'ensemble des demandeurs dans cette situation), 321 participants à des événements (soit 27 % de l'ensemble des participants invités à répondre) et 112 utilisateurs de services (soit 31 % de l'ensemble des utilisateurs invités à répondre). Tandis que 49 parties prenantes (soit l'ensemble des fonctionnaires d'institutions et 33 bénéficiaires) ont été interrogées lors d'un entretien, les autres parties prenantes ont participé aux enquêtes en ligne.

Les données et informations secondaires ont été extraites de sources de données accessibles au public, telles que le règlement établissant le programme Hercule III et

ses pièces annexes, les programmes de travail annuels, les rapports annuels de mise en œuvre, les rapports sur la protection des intérêts financiers, etc. L'équipe d'évaluation a également examiné tous les formulaires de demande (79) et les documents de déclaration (49) disponibles pour les 79 actions financées au moyen de conventions de subvention en 2014 et 2015.

Limitations

L'équipe d'évaluation a tiré de **solides conclusions pour toutes les questions d'évaluation**, grâce à la couverture de la population assurée par les institutions et bénéficiaires nationaux consultés. Étant donné que la part de la population totale représentée par les demandeurs s'étant vu refuser leur demande, les participants aux événements et les utilisateurs de services étaient relativement réduite, il a fallu faire preuve de davantage de prudence pour interpréter les conclusions tirées de ces enquêtes. Ainsi, afin d'assurer une qualité optimale des conclusions, toutes les questions d'évaluation ont été abordées en **combinant les réponses de plusieurs catégories de parties prenantes**. En outre, les données et les informations collectées auprès des parties prenantes ont été comparées aux **éléments probants tirés des formulaires de demande et des documents de déclaration**, afin d'assurer une cohérence entre les sources de données consultées aux fins de l'évaluation.

Le **calendrier de l'évaluation à mi-parcours** est conforme aux dispositions de l'article 13 du règlement établissant le programme Hercule III, qui exige de la Commission qu'elle présente un rapport indépendant d'évaluation à mi-parcours au Parlement européen et au Conseil pour le 31 décembre 2017 au plus tard. Dans ce contexte, afin de terminer la mission à temps, l'évaluation à mi-parcours a été limitée aux actions financées au cours des deux premières années du programme (2014 et 2015). Pour 2016, l'analyse s'est limitée aux demandes reçues dans le cadre d'appels à proposition ; en réalité, aucune action cofinancée par des subventions au titre de Hercule III à la suite des appels à propositions publiés en 2016 n'était terminée au moment de débiter les activités de terrain relatives à la présente évaluation. Si cette limitation ne peut être surmontée dans le cadre de la présente évaluation à mi-parcours, il est conseillé de prévoir, lors de la fixation des délais pour la prochaine édition du programme, une prolongation d'un an du délai imparti pour la préparation de la prochaine évaluation à mi-parcours, ce qui permettrait une prise en compte plus exhaustive des résultats du programme.

Les actions financées dans le cadre de conventions de subvention ont été évaluées essentiellement sur la base des données et informations primaires et secondaires disponibles. L'évaluation de plusieurs actions financées dans le cadre de passation de marchés a été réalisée sur la base de retours d'informations fournis par les personnes ayant répondu à l'enquête en ligne auprès des utilisateurs de services. L'évaluation des actions restantes n'a pas été réalisée : en effet, pour des raisons de confidentialité et de protection des données ainsi que pour des raisons contractuelles, les données et informations pertinentes n'ont pas pu être demandées aux

contractants. De toute manière, ces actions représentaient seulement 10 % environ des engagements globaux pris durant les deux premières années du programme ; **l'évaluation a donc couvert plus de 90 % du budget de Hercule III.**

Principales conclusions de l'évaluation

1. Pertinence

Les objectifs spécifiques et opérationnels que le programme entend atteindre sont pertinents au regard de la PIF (protection des intérêts financiers de l'UE). En particulier, la majorité des parties prenantes consultées ont confirmé que les objectifs opérationnels, spécifiques et généraux de Hercule III étaient alignés. Par ailleurs, la réponse à tous les problèmes et besoins initialement ciblés par le programme Hercule III contribue toujours à la protection des intérêts financiers de l'UE. De fait, la majorité des parties prenantes ayant répondu à l'enquête, quelle que soit leur catégorie, ont considéré que ces problèmes étaient toujours d'actualité.

Toutes les actions admissibles jouent un rôle pertinent dans la réalisation des objectifs du programme. Ici encore, la plupart des parties prenantes consultées estiment que toutes les actions contribuent aux objectifs spécifiques et opérationnels du programme. D'après les résultats de l'évaluation, certaines actions paraissent moins pertinentes que d'autres pour la réalisation des objectifs du programme, telles que « l'achat de services visant à effectuer une analyse chimique d'échantillons de saisies de tabac et de cigarettes » et « l'achat de services visant à stocker et à détruire des cigarettes et autres produits de contrefaçon saisis ». On constate néanmoins des divergences d'opinions à ce sujet entre les bénéficiaires concernés par différentes catégories d'action. Il convient de noter que la concordance entre les actions admissibles et les objectifs du programme est également assurée par un critère d'attribution spécifique inclus dans tous les appels à propositions. Dans ce cadre, toutefois, certaines parties prenantes consultées aux fins de l'évaluation ont **suggéré d'élargir la portée du programme** afin de le rendre plus pertinent i) en tenant compte d'autres problèmes affectant la protection des intérêts financiers de l'UE, ii) en ciblant des objectifs opérationnels supplémentaires et iii) en finançant de nouvelles actions spécifiques.

2. Cohérence

Entre 2014 et 2016, environ 80 % des engagements ont ciblé des actions d'assistance technique, environ 20 % ont ciblé des actions de formation et une infime part a été consacrée à d'autres actions. L'affectation budgétaire actuelle est dès lors entièrement conforme à l'affectation indicative des fonds établie par le règlement et garantit ainsi le niveau de cohérence interne entre les différentes catégories d'action escompté par le législateur. Par conséquent, **aucune modification de l'affectation globale des fonds n'est requise**. Néanmoins, lors de la préparation de la prochaine édition du programme, il conviendra de tenir compte du faible intérêt manifesté jusqu'ici par les bénéficiaires pour les « services visant à stocker et à détruire des cigarettes et autres produits de contrefaçon saisis ».

Si les fonds ont été aux trois quarts investis au moyen de conventions de subvention, le quart restant a été utilisé pour acheter des événements, des formations, des services et des études. Cette répartition budgétaire garantit en outre la cohérence interne du programme dans la mesure où elle assure un équilibre adéquat entre la réponse aux demandes des parties prenantes et l'assurance que certaines actions (conférences de haut niveau, formations en informatique légale, bases de données pour l'analyse des risques, etc.) particulièrement utiles à la protection des intérêts financiers de l'UE seront exécutées indépendamment des demandes de subventions introduites.

Seul un nombre limité d'institutions nationales interrogées aux fins de la présente évaluation connaissaient les autres programmes financés par l'UE. De même, seule une faible proportion des bénéficiaires et des demandeurs ayant obtenu un refus ont introduit une demande auprès d'autres programmes de l'UE pour des actions similaires ou complémentaires. Ces conclusions semblent indiquer **de faibles possibilités de synergies ou de chevauchements entre programmes**. Dans tous les cas, la plupart des parties prenantes consultées ayant une certaine expérience des autres programmes financés par l'UE ont observé davantage de synergies que de chevauchements.

Les bases juridiques de tous les autres programmes semblent permettre certaines synergies avec Hercule III, mais entraînent également des risques de chevauchements en ce qui concerne certaines entités et actions ciblées. Quoi qu'il en soit, des mécanismes formels et informels sont en place dans toutes les DG de la Commission en vue d'éviter les chevauchements et d'assurer des synergies entre les programmes financés par l'UE. Les programmes de travail annuels font d'ailleurs l'objet d'une consultation inter-services. D'après l'évaluation, ce mécanisme donne d'excellents résultats en ce qui concerne les chevauchements ; les synergies, elles, sont mieux assurées par une coordination informelle au niveau opérationnel. Si la lutte contre la corruption et la fraude à la TVA vient à occuper une place plus centrale dans Hercule III, il est conseillé, pour la rendre plus pertinente, de maximiser les synergies avec les autres programmes gérés par la DG TAXUD et la DG HOME, qui traitent de ces deux infractions graves qui nuisent à la protection des intérêts financiers de l'UE.

3. Efficacité

Les actions cofinancées par les subventions au titre de Hercule III ont contribué à la réalisation des objectifs généraux, spécifiques et opérationnels du programme. Plus de 80 événements ont été organisés dans le cadre d'actions de FLF (formation dans le domaine de la lutte contre la fraude) et de FEJ (formations et études juridiques). Ces événements ont traité de questions d'actualité dans le domaine de la protection des intérêts financiers de l'UE, contribuant ainsi à la correspondance entre les résultats effectifs et les résultats escomptés (c'est-à-dire les résultats les plus immédiats) du programme. En outre, pour les actions relatives à l'assistance technique (AT), les résultats effectifs semblent

correspondre aux résultats escomptés. Néanmoins, davantage de ressources pourraient être allouées aux échanges de personnel entre les administrations nationales, par exemple en lançant une nouvelle action spécifique en matière d'assistance technique.

La grande majorité des bénéficiaires ont indiqué que les actions financées par Hercule III avaient donné des **résultats généralement alignés sur les résultats escomptés du programme** (c'est-à-dire les changements à court ou moyen terme visant les destinataires du programme). Les indicateurs de résultats observés pour les actions de FLF et FEJ ont confirmé la correspondance entre les résultats effectifs et escomptés du programme. Cette conclusion est également corroborée par les retours d'informations des participants aux événements financés par des subventions au titre de Hercule III. Afin de mieux réaliser certains objectifs opérationnels du programme, il est toutefois suggéré d'encourager la participation internationale aux événements de FLF et FEJ. La majorité des bénéficiaires des actions d'AT n'étaient pas en mesure de fournir des indicateurs de résultats ; il est donc impossible de tirer des conclusions en ce qui concerne particulièrement les résultats des actions d'AT financées par des subventions. Les utilisateurs des services fournis par Hercule III ont néanmoins souligné l'efficacité de ces actions pour délivrer les résultats escomptés. Un ajustement du délai imparti pour la préparation de l'évaluation à mi-parcours de la prochaine édition du programme, associé à une simplification des indicateurs de résultats énoncés à l'article 4 du règlement, permettait une prise en compte plus exhaustive des résultats des actions d'AT.

Si les incidences à long terme du programme ne peuvent être illustrées par une évaluation à mi-parcours, les statistiques officielles relatives aux cas de fraude et d'irrégularités signalés indiquent que Hercule III et les futures versions du programme devraient investir davantage dans la protection des intérêts financiers de l'UE dans la partie dépenses du budget, ainsi que dans la lutte contre la corruption et la fraude à la TVA.

De nombreux facteurs externes interviennent dans la réalisation des objectifs du programme Hercule III, en particulier la capacité des fraudeurs à « s'adapter rapidement à l'évolution du contexte au niveau de l'UE, à agir de manière transfrontalière et à exploiter les points faibles aux frontières extérieures ». Ces facteurs externes ont tendance à nuire à la protection des intérêts financiers de l'UE et nécessitent des efforts continus de la part des autorités nationales pour lutter contre la fraude et prévenir celle-ci. Ces efforts sont appuyés, dans la mesure du possible, par les actions au titre de Hercule III.

4. Efficience

Le bénéficiaire moyen du programme a consacré environ 18 jours-personnes à la préparation d'une proposition au programme, 4,4 jours-personnes à la conclusion de la convention de subvention et 13 jours-personnes au respect de ses obligations en matière de déclaration. En d'autres termes, le bénéficiaire moyen a dû supporter des coûts réglementaires avoisinant les 4 500 euros pour exécuter les tâches

administratives liées au programme. **Les coûts réglementaires associés à la phase de demande présentent un rapport « coût/efficacité » satisfaisant.** Pour chaque euro consacré à la préparation d'une proposition, les bénéficiaires d'actions de FLF pouvaient s'attendre à obtenir 12,40 euros. Le retour sur investissement escompté pour les propositions d'actions de FEJ était de 7,30 euros par euro dépensé. Les bénéficiaires de subventions d'AT, quant à eux, devaient recevoir 66,80 euros, étant donné que la subvention moyenne demandée était beaucoup plus conséquente. Les coûts dépensés aux fins de la réalisation de toutes les activités administratives liées à Hercule III ont représenté environ 1 % de la subvention moyenne demandée par les bénéficiaires d'AT, environ 6 % pour les actions de FLF et 13 % pour les actions de FEJ. Une amélioration a été observée pour les actions de FLF entre 2014 et 2015.

En moyenne, le coût supporté par l'UE pour chaque participant aux événements de FLF financés par les subventions au titre de Hercule III était de 467 euros. Le coût moyen était plus élevé pour les événements à plus forte proportion de participants provenant d'un autre pays (799 euros contre 364 euros), étant donné que les frais de déplacement ont une incidence majeure sur les coûts de participation. Le coût supporté par l'UE pour chaque participant aux événements de FEJ était de 694 euros ; toutefois, ce coût inclut également le prix des publications présentées lors des événements. Les coûts moyens par participant aux événements de FLF et de FEJ correspondent globalement aux coûts observés pour les autres programmes financés par l'UE. **Les actions de FLF et de FEJ présentent par conséquent un bon rapport coût-efficacité.** Des indicateurs de résultats ne sont disponibles que pour un nombre limité d'actions d'AT. Il est donc impossible de tirer des conclusions générales au sujet de leur rentabilité.

Environ 30 % des demandeurs ont indiqué que le processus de demande était trop contraignant. Seuls 14 % des bénéficiaires ont dressé le même constat pour la phase d'attribution de la subvention et de conclusion de la convention. Plus d'un tiers des bénéficiaires ont jugé la phase de déclaration trop contraignante. L'acceptation de leurs propositions de rationalisation de chaque phase du processus permettrait d'économiser environ 2 000 euros par action. Ces propositions incluent notamment la numérisation de l'intégralité du processus, le report de certaines obligations d'information à la phase d'attribution de la subvention et la simplification des activités de déclaration. Toutefois, les possibilités de simplification sont limitées par les obligations réglementaires inhérentes aux passations de marchés publics de l'UE et celles qui sont établies par le règlement. Une autre solution efficace pourrait donc être d'augmenter une nouvelle fois le budget minimum pour les actions de FLF et, surtout, les actions de FEJ.

5. Valeur ajoutée de l'UE

Les résultats et bénéfices découlant des actions financées par Hercule III ne pourraient voir le jour sans le soutien du programme ou d'un financement équivalent de l'UE. Les parties prenantes consultées ont reconnu à la quasi-unanimité **la valeur**

ajoutée du programme et sa contribution essentielle à l'obtention de résultats et de bénéfices uniques. Hercule III permet également de mieux protéger les frontières extérieures de l'UE, ce qui a des retombées positives pour tous les États membres, comme le confirment la majorité des parties prenantes consultées. En outre, les retours d'informations des parties prenantes montrent que Hercule III permet la coopération, les échanges d'informations et les échanges de meilleures pratiques au niveau transfrontalier. Il facilite également la coopération transfrontalière à long terme, surtout entre les participants aux événements.

Les bénéficiaires d'actions financées par Hercule III et les institutions nationales et européennes concernées ont souligné que le programme permettait une utilisation plus efficiente des ressources financières que les interventions nationales menées dans le même domaine, par exemple en générant des économies ou en permettant de conclure de meilleurs accords. En outre, les exigences en matière de transparence et d'information que les bénéficiaires sont tenus de respecter améliorent la planification, le suivi et les normes de qualité des organisations bénéficiaires. Ce résultat supplémentaire confirme la valeur ajoutée de l'UE générée par le programme et a également une incidence positive sur la gestion des ressources financières allouées au titre de Hercule III.

Dans ce cadre, afin d'améliorer davantage la valeur ajoutée de l'UE apportée par le programme, il est suggéré d'accroître la coopération transfrontalière dans le cadre des actions d'AT (par exemple en finançant des actions impliquant les autorités de plusieurs États membres ou en lançant une nouvelle action visant à favoriser les échanges de personnel entre États membres) et, dans la mesure du possible, d'investir davantage dans la centralisation des passations de marchés relatifs aux équipements techniques (dont le potentiel n'est pas pleinement exploité).

6. Durabilité

Les parties prenantes consultées ont expliqué que les actions financées par le programme continueront de produire des bénéfices même après leur achèvement. Néanmoins, une part non négligeable des organisations bénéficiaires ne poursuivraient pas l'exécution d'actions actuellement admissibles à un financement si le programme venait à prendre fin. Dès lors, les bénéfices apportés par Hercule III en ce qui concerne la protection accrue des intérêts financiers de l'UE risquent de disparaître en cas de suppression du programme. Il est donc suggéré de poursuivre le programme de manière à garantir au moins un niveau comparable de protection des intérêts financiers de l'UE au cours des prochaines années.

ZUSAMMENFASSUNG

Das Programm „Hercule“ ist das einzige Instrument, das speziell dem **Schutz der finanziellen Interessen der EU** dient und Maßnahmen zur Bekämpfung von Betrug, insbesondere mit Auswirkungen auf den EU-Haushalt, unterstützt. Seitdem das Programm „Hercule“ im Jahr 2004 ins Leben gerufen wurde, wird es vom **Europäischen Amt für Betrugsbekämpfung (OLAF)** der Europäischen Kommission verwaltet. Mit der Verordnung (EU) Nr. 250/2014 wurde inzwischen die dritte Auflage des Programms unter dem Namen Hercule III eingeführt. Das Programm verfügt über eine Finanzausstattung von über 100 Mio. Euro, seine siebenjährige Laufzeit dauert vom Januar 2014 bis Dezember 2020. Zwischen 2014 und 2016 wurden im Rahmen von Hercule III rund 170 Maßnahmen über Finanzhilfen oder Aufträge gefördert. Im selben Zeitraum lagen die gebundenen Gesamtmittel bei 41 Mio. Euro, von denen der größte Teil (75 %) über Finanzhilfevereinbarungen vergeben wurde. Von 2014 bis 2016 nahmen jährlich rund 1700 Personen an den durch Hercule III geförderten Veranstaltungen (Konferenzen, Seminaren und Schulungen) teil.

In Übereinstimmung mit Artikel 13 der Verordnung, mit der das Programm eingeführt wurde, mit dem Bewertungsfahrplan von OLAF und den Leitlinien für eine bessere Rechtsetzung wurde das Bewertungsteam mit **einer unabhängigen Halbzeitbewertung** des Programms „Hercule III“ beauftragt, anhand derer über die Verlängerung, Änderung oder Aussetzung des Programms entschieden wird. Konkret sollte das Programm durch die Beantwortung von zehn Bewertungsfragen sechs Kriterien beurteilen (nämlich Relevanz, Kohärenz, Wirksamkeit, Effizienz, europäischer Mehrwert und Nachhaltigkeit).

Datengrundlage

Die Halbzeitbewertung basiert auf einer **Mischung von Primär- und Sekundärdaten**. Die Primärdaten und -informationen wurden mit folgenden Verfahren erhoben: i) teilstrukturierte Interviews mit Vertretern von Institutionen der EU und der Mitgliedstaaten und mit Begünstigten, deren Maßnahmen durch Hercule-III-Finanzhilfen kofinanziert wurden und ii) vier Online-Befragungen von Begünstigten, nicht berücksichtigten Antragstellern, Veranstaltungsteilnehmern und Dienstleistungsnutzern. Auf diesem Wege konnte das Bewertungsteam 574 betroffene Akteure befragen, darunter 16 Vertreter von Institutionen der EU oder der Mitgliedstaaten, 56 Begünstigte (d. h. 71 % aller Begünstigten), 67 nicht berücksichtigte Antragsteller (d. h. 25 % aller Antragsteller, denen keine Mittel bewilligt wurden), 321 Veranstaltungsteilnehmer (d. h. 27 % aller angefragten Teilnehmer) und 112 Dienstleistungsnutzer (d. h. 31 % aller angefragten Nutzer). 49 dieser Akteure (alle Vertreter von Institutionen und 33 Begünstigte) wurden persönlich interviewt, die übrigen Akteure nahmen an den Online-Befragungen teil.

Sekundäre Daten und Informationen wurden öffentlich verfügbaren Quellen entnommen, z. B. der Verordnung zur Einführung von Hercule III und verwandten

Materialien, jährlichen Arbeitsprogrammen, jährlichen Durchführungsberichten, Berichten über den Schutz der finanziellen Interessen der Union usw. Außerdem analysierte das Bewertungsteam alle Antragsformulare (79) und verfügbaren Berichte (49) zu den 79 Maßnahmen, die in den Jahren 2014 und 2015 über Finanzhilfvereinbarungen gefördert wurden.

Einschränkungen

Da ein hoher Anteil der relevanten nationalen Institutionen und der Begünstigten für die Bewertung befragt wurden, konnte das Bewertungsteam **zu allen Bewertungsfragen aussagekräftige Schlussfolgerungen** ziehen. Bei den nicht erfolgreichen Antragstellern, den Veranstaltungsteilnehmern und den Nutzern von Diensten ist der Anteil an der Untersuchungsgesamtheit jedoch geringer. Deshalb sind die Schlussfolgerungen, die sich auf die Befragungen stützen, mit Vorsicht zu interpretieren. Um die bestmögliche Qualität der Ergebnisse zu gewährleisten, wurden zur Beantwortung aller Bewertungsfragen **die Antworten mehrerer Akteurskategorien kombiniert**. Außerdem wurden die von den Akteuren erhobenen Daten und Informationen mit **den Daten aus den Antragsformularen und Berichten** abgeglichen. So konnte die Konsistenz aller Datenquellen gewährleistet werden, die für diese Bewertung herangezogen wurden.

Der Zeitpunkt der Halbzeitbewertung entspricht Artikel 13 der Verordnung, mit der das Programm „Hercule III“ eingeführt wurde, wonach die Kommission dem Europäischen Parlament und dem Rat bis zum 31. Dezember 2017 einen unabhängigen Bericht über die Halbzeitbewertung vorlegen muss. Um den Auftrag fristgerecht durchführen zu können, musste die Halbzeitbewertung auf Maßnahmen beschränkt werden, die in den ersten beiden Jahren des Programms (2014 und 2015) gefördert wurden. Für 2016 wurden ausschließlich Anträge analysiert, die im Zusammenhang mit entsprechenden Ausschreibungen eingereicht worden waren; als die Feldforschung für diesen Auftrag durchgeführt wurde, war tatsächlich noch keine der Maßnahmen abgeschlossen, die im Rahmen von Hercule III mit Finanzhilfen kofinanziert wurden. Diese Einschränkung lässt sich bei dieser Halbzeitbewertung nicht umgehen. Allerdings wird empfohlen, bei der Festlegung von Fristen für die nächste Auflage des Programms die Frist für die nächste Halbzeitbewertung um ein Jahr zu verlängern, damit ein größerer Anteil der Ergebnisse des Programms berücksichtigt werden können.

Die über Finanzhilfvereinbarungen geförderten Maßnahmen wurden vor allem auf Basis der verfügbaren primären und sekundären Daten und Informationen bewertet. Bei der Bewertung einiger Maßnahmen, die durch öffentliche Aufträge finanziert wurden, wurden dagegen die Antworten berücksichtigt, die Nutzer entsprechender Dienste in der Online-Befragung gegeben hatten. Ein kleiner Teil der Maßnahmen konnte nicht bewertet werden, weil die Auftragnehmer die relevanten Daten und Informationen aus Gründen der Vertraulichkeit, des Datenschutzes und vertraglicher Bestimmungen nicht offenlegen können. Diese Maßnahmen haben jedoch nur knapp 10 % der Gesamtmittel erhalten, die in den ersten beiden Jahren des Programms

ausgegeben wurde, d. h. **die Bewertung deckt über 90 % des Programmbudgets von Hercule III ab.**

Die wichtigsten Schlussfolgerungen aus der Bewertung

1. Relevanz

Die spezifischen und operationellen Ziele des Programms sind für den Schutz der finanziellen Interessen der EU relevant. Konkret stimmen die meisten der befragten Akteure der Aussage zu, dass die operationellen, spezifischen und allgemeinen Ziele des Programms „Hercule III“ ihren Bedürfnissen entsprechen. Außerdem trägt die Lösung der Probleme, für die das Programm „Hercule III“ ursprünglich eingerichtet wurde, weiterhin zum Schutz der finanziellen Interessen der Union bei. Tatsächlich hält die Mehrheit der Akteure aller Kategorien, die an der Befragung teilgenommen haben, diese Probleme weiterhin für relevant.

Alle förderfähigen Maßnahmen spielen bei der Erreichung der Ziele des Programms eine Rolle. Auch hier sind die meisten befragten Akteure der Ansicht, dass sämtliche Maßnahmen zu den spezifischen und operationellen Zielen des Programms beitragen. Einigen Berichten zufolge sind manche Maßnahmen für die Ziele des Programms weniger relevant als andere, z. B. „der Kauf von Dienstleistungen für die chemische Analyse von Proben sichergestellter Tabakwaren und Zigaretten“ oder „der Kauf von Dienstleistungen zur Lagerung und Vernichtung von sichergestellten Zigaretten und anderen gefälschten Gütern“. Allerdings sind sich die Begünstigten, die an verschiedenen Kategorien von Maßnahmen interessiert sind, in diesem Punkt nicht einig. Es ist jedoch bemerkenswert, dass die Übereinstimmung zwischen förderfähigen Maßnahmen und den Zielen des Programms auch durch ein spezielles Vergabekriterium in allen Ausschreibungen gewährleistet wird. In diesem Zusammenhang haben jedoch einige der Akteure, die für diese Bewertung befragt wurden, vorgeschlagen, **den Arbeitsbereich des Programms zu erweitern** und dessen Relevanz durch folgende Maßnahmen zu verbessern: i) Berücksichtigung anderer Probleme, die den finanziellen Interessen der Union schaden, ii) Einführung weiterer operationeller Ziele und iii) Förderung neuer spezifischer Maßnahmen.

2. Kohärenz

Zwischen 2014 und 2016 gingen 80 % der Mittelbindungen an Maßnahmen zur technischen Unterstützung (TU), 20 % an Schulungsmaßnahmen und ein geringer Anteil an sonstige Maßnahmen. Die bisherige Mittelzuweisung entspricht damit vollkommen der in der Verordnung festgelegten vorläufigen Mittelzuweisung und gewährleistet die vom Gesetzgeber gewünschte interne Kohärenz zwischen den unterschiedlichen Kategorien von Maßnahmen. Das heißt, **bei der Mittelzuweisung sind keine Änderungen erforderlich**. Bei der Vorbereitung der nächsten Auflage des Programms sollte jedoch berücksichtigt werden, dass die Begünstigten bisher nur geringes Interesse an „Dienstleistungen zur Lagerung und Vernichtung von sichergestellten Zigaretten und anderen gefälschten Gütern“ gezeigt haben.

Drei Viertel des Budgets wurde über Finanzhilfevereinbarungen ausgegeben, für ein Viertel der Mittel wurden Veranstaltungen, Schulungen, Dienstleistungen und Studien in Auftrag gegeben. Diese Budgetverteilung spricht ebenfalls für die interne Kohärenz des Programms, weil sie einerseits gewährleistet, dass die Anforderungen der beteiligten Akteure erfüllt werden und andererseits dafür sorgt, dass bestimmte Maßnahmen, die für den Schutz der finanziellen Interessen der EU besonders wichtig sind (hochrangige Konferenzen, Kurse in digitaler Forensik, Datenbanken zur Risikoanalyse usw.) auch ohne entsprechende Anträge auf Finanzhilfen durchgeführt werden.

Nur wenige Institutionen der Mitgliedstaaten, die für diese Bewertung befragt wurden, kannten andere Förderprogramme der EU. Dementsprechend hatte auch nur ein kleiner Anteil der Begünstigten und nicht berücksichtigten Antragsteller bei anderen EU-Programmen Mittel für ähnliche oder ergänzende Maßnahmen beantragt. Diese Ergebnisse scheinen darauf hinzudeuten, **dass es kaum Synergien oder Überschneidungen mit anderen Programmen gibt**. Die meisten der befragten Akteure, die Erfahrung mit anderen EU-finanzierten Programmen hatten, sahen in jedem Fall mehr Synergien als Überschneidungen.

Die gesetzlichen Grundlagen aller anderen Programme scheinen Synergien mit Hercule III zu erzeugen, sie lassen jedoch auch Raum für Überschneidungen in Bezug auf die vom Programm angesprochenen Stellen und Maßnahmen. Die Generaldirektionen der Kommission nutzen in jedem Fall formelle und informelle Mechanismen, um Überschneidungen zwischen EU-finanzierten Programmen zu vermeiden und Synergien zu fördern. So durchlaufen die jährlichen Arbeitsprogramme beispielsweise dienststellenübergreifende Konsultationen. Berichten zufolge funktioniert dieser Mechanismus in Bezug auf Überschneidungen sehr gut, Synergien entstehen allerdings eher durch informelle Koordination auf der Arbeitsebene. Wenn der Kampf gegen Korruption und Mehrwertsteuerbetrug in Hercule III eine zentralere Stellung erhält, um die Relevanz des Programms zu erhöhen, empfiehlt es sich, auch die Synergien mit anderen Programmen zu maximieren, die von der GD TAXUD und der GD HOME verwaltet werden und sich ebenfalls mit diesen beiden Straftaten befassen, die den finanziellen Interessen der Union schaden.

3. Wirksamkeit

Die Maßnahmen, die durch Hercule-III-Finanzhilfen kofinanziert wurden, trugen dazu bei, die allgemeinen, spezifischen und operationellen Ziele des Programms zu erreichen. Im Bereich „Schulungen zur Betrugsbekämpfung“ und „Rechtliche Schulungen und Studien“ wurden mehr als 80 Veranstaltungen durchgeführt. In diesen Veranstaltungen wurden wichtige Themen zum Schutz der finanziellen Interessen der EU behandelt. Sie trugen somit zur Abstimmung zwischen den erwarteten und tatsächlichen Leistungen (d. h. den unmittelbarsten Ergebnissen) des Programms bei. Auch bei den Maßnahmen im Bereich der TU (technischen Unterstützung) stimmen die tatsächlichen Leistungen den Daten zufolge mit den

Zielvorgaben überein. Allerdings könnten noch mehr Mittel für den Personalaustausch zwischen Behörden verschiedener Mitgliedstaaten bereitgestellt werden, beispielsweise durch die Einrichtung einer neuen spezifischen TU-Maßnahme.

Die große Mehrheit der Begünstigten gibt an, dass die durch Hercule III finanzierten Maßnahmen **Resultate hervorbringen, die im Wesentlichen den erwarteten Ergebnissen des Programms entsprechen** (d. h. die kurz- bzw. mittelfristigen Auswirkungen auf die Arbeit der Adressaten des Programms). Die Indikatoren, mit denen die Resultate von Schulungen zur Betrugsbekämpfung und rechtlichen Schulungen und Studien gemessen wurden, zeigen, dass die Ergebnisse des Programms den Zielvorgaben entsprechen. Dies bestätigt auch das Feedback der Akteure, die an mit Hercule-III-Finanzhilfen geförderten Veranstaltungen teilgenommen haben. Um einige der operationellen Ziele des Programms noch wirkungsvoller zu erreichen, wird jedoch eine stärkere Förderung der internationalen Teilnahme an diesen Maßnahmen empfohlen. Die meisten Begünstigten von TU-Maßnahmen waren nicht in der Lage, Ergebnisindikatoren zu nennen. Daher können hier keine speziellen Schlussfolgerungen zu den Ergebnissen der durch Finanzhilfen geförderten TU-Maßnahmen getroffen werden. Dennoch betonten die Nutzer von Dienstleistungen, die mit Mitteln aus Hercule III finanziert wurden, dass diese Maßnahmen sehr effektiv zur Erreichung der erwarteten Ziele beigetragen haben. Die Ergebnisse der TU-Maßnahmen könnten umfassender bewertet werden, wenn die Frist für die Halbzeitbewertung der nächsten Auflage des Programms verlängert und die in Artikel 4 der Verordnung aufgeführten Leistungsindikatoren vereinfacht würden.

Die langfristigen Auswirkungen des Programms kann eine Halbzeitbewertung nicht erfassen. Die offiziellen Statistiken zu gemeldeten Betrugsfällen und Unregelmäßigkeiten zeigen jedoch, dass Hercule III und künftige Auflagen des Programms stärker in den Schutz der finanziellen Interessen der Union auf der Ausgabenseite des Haushalts sowie in den Kampf gegen Korruption und Mehrwertsteuerbetrug investieren sollten.

Bei der Frage, ob die Ziele des Programms „Hercule III“ erreicht wurden, spielen auch viele externe Faktoren eine Rolle; der wichtigste Faktor ist die Fähigkeit von Betrügern, „sich schnell auf neue Umstände auf europäischer Ebene einzustellen, grenzüberschreitend zu operieren und die schwächsten Punkte der Außengrenzen zu nutzen“. Diese externen Faktoren erschweren den Schutz der finanziellen Interessen der Union und erfordern ständige Anstrengungen der nationalen Behörden bei der Bekämpfung und Vermeidung von Betrug. Diese Anstrengungen werden von den Hercule-III-Maßnahmen soweit wie möglich unterstützt.

4. Effizienz

Der durchschnittliche Begünstigte des Programms hat rund 18 Arbeitstage für die Erstellung des Antrags aufgewendet, 4,4 Arbeitstage für die Unterzeichnung der Finanzhilfevereinbarung und 13 Arbeitstage für die Erfüllung der Berichtspflichten. Anders ausgedrückt entstehen dem durchschnittlichen Begünstigten durch die mit

dem Programm verbundenen Verwaltungsarbeiten Regulierungskosten in Höhe von rund 4500 Euro. **Die Regulierungskosten in der Antragsphase sind „ihr Geld wert“**. Begünstigte, die Finanzhilfen für Schulungen zur Betrugsbekämpfung erhielten, bekamen für jeden Euro, den sie für die Erstellung eines Antrags ausgegeben hatten, 12,40 Euro zurück. Bei Vorschlägen zu rechtlichen Schulungen und Studien lag die erwartete Rendite für jeden ausgegebenen Euro bei 7,30 Euro. Die Begünstigten von TU-Finanzhilfen hatten 66,80 Euro zu erwarten, weil ihre Finanzhilfen im Schnitt wesentlich größer waren. Die Kosten für sämtliche mit Hercule III verbundenen Verwaltungsaufgaben entsprechen bei TU-Maßnahmen im Mittel rund 1 % der beantragten Finanzhilfen, bei Schulungen zur Betrugsbekämpfung rund 6 % und bei rechtlichen Schulungen und Studien 13 %. Für letztere Maßnahmen wurde zwischen 2014 und 2015 eine Verbesserung festgestellt.

Bei Schulungen zur Betrugsbekämpfung, die durch Hercule III-Finanzhilfen gefördert wurden, lagen die Kosten der EU pro Teilnehmer im Schnitt bei 467 Euro. Wenn ein großer Anteil der Teilnehmer aus anderen Ländern kam, waren die mittleren Kosten höher (799 Euro zu 364 Euro), weil sich die Reisekosten stark auf die Teilnahmekosten auswirken. Die EU-Kosten pro Teilnehmer an rechtlichen Schulungen und Studien betragen 694 Euro, wobei in dieser Summe auch die Kosten für die auf der Veranstaltung vorgestellten Publikationen enthalten sind. Die durchschnittlichen Kosten pro Teilnehmer an beiden Schulungsmaßnahmen entsprechen im Wesentlichen den Kosten in anderen von der EU finanzierten Programmen. Dies deutet auf ein **gutes Kosten-Nutzen-Verhältnis von Schulungen zur Betrugsbekämpfung und zu rechtlichen Fragen hin**. Leistungsindikatoren sind nur für eine begrenzte Zahl von TU-Maßnahmen verfügbar. Daher können zur Kosteneffektivität dieser Maßnahmen keine allgemeinen Aussagen getroffen werden.

Rund 30 % der Antragsteller finden das Antragsverfahren zu umständlich. Die Bereitstellung der Finanzhilfen bzw. die Vergabe von Aufträgen finden nur 14 % der Begünstigten zu aufwändig. Dass die Berichterstattung zu aufwändig ist, findet dagegen über ein Drittel der Begünstigten. Wenn ihre Vorschläge zur Vereinfachung der einzelnen Phasen umgesetzt würden, könnten pro Maßnahme schätzungsweise 2000 Euro eingespart werden. Zu diesen Vorschlägen gehören unter anderem die Digitalisierung des gesamten Verfahrens, die Verschiebung bestimmter Informationspflichten auf die Phase, in der die Finanzhilfen ausgezahlt werden und die Vereinfachung der Berichterstattung. Der Spielraum für Vereinfachungen ist jedoch durch die Auflagen beschränkt, die für EU-Beschaffungsverfahren gelten und in der Verordnung festgelegt sind. Eine andere wirksame Lösung wäre daher die weitere Anhebung des Mindestbudgets für Schulungsmaßnahmen zu Betrugsbekämpfung und Rechtsthemen.

5. Europäischer Mehrwert

Die Ergebnisse und Nutzen der Maßnahmen, die durch Hercule III kofinanziert werden, wären ohne die Förderung durch das Programm oder andere EU-Fördermittel

nicht möglich. Die befragten Akteure erkennen beinahe ausnahmslos den **Mehrwert des Programms und dessen wesentlichen Beitrag zur Schaffung einzigartiger Ergebnisse und Nutzen** an. Wie die meisten befragten Akteure bestätigten, ermöglicht Hercule III außerdem einen verbesserten Schutz der EU-Außengrenzen mit positiven Ausstrahlungseffekten auf alle Mitgliedstaaten. Das Feedback der Akteure zeigt ferner, dass Hercule III die grenzüberschreitende Kooperation und den grenzüberschreitenden Austausch von Informationen und bewährten Verfahren ermöglicht. Außerdem erleichtert das Programm die langfristige Kooperation über Ländergrenzen hinweg, insbesondere zwischen Teilnehmern derselben Veranstaltungen.

Die Begünstigten der durch Hercule III geförderten Maßnahmen und zuständige Stellen der EU und der Mitgliedstaaten betonen, dass das Programm einen effizienteren Einsatz finanzieller Ressourcen ermöglicht als nationale Interventionen im gleichen Bereich, beispielsweise durch Kosteneinsparungen oder eine Stärkung der Verhandlungsposition. Auch die Transparenz- und Berichtspflichten, denen die Begünstigten unterliegen, tragen dazu bei, die Planung, Überwachung und Qualitätsstandards der begünstigten Organisationen zu verbessern. Diese zusätzlichen Vorteile bestätigen den europäischen Mehrwert des Programms und wirken sich auch positiv auf die Verwaltung der über Hercule III bereitgestellten finanziellen Mittel aus.

Um den europäischen Mehrwert des Programms weiter zu erhöhen, wird empfohlen, die grenzüberschreitende Kooperation im Bereich der TU weiter auszubauen (beispielsweise durch die Finanzierung von Maßnahmen, an denen Behörden aus mehreren Mitgliedstaaten beteiligt sind, oder durch die Einführung einer neuen Maßnahme zur Förderung des grenzüberschreitenden Personalaustauschs) und, soweit möglich, verstärkt in zentralisierte Beschaffungsprojekte für technische Ausstattung zu investieren (deren Potenzial noch nicht voll ausgeschöpft ist).

6. Nachhaltigkeit

Die befragten Akteure geben an, dass die durch das Programm geförderten Maßnahmen auch nach ihrem Abschluss Nutzen bringen werden. Trotzdem würde ein wesentlicher Anteil der begünstigten Organisationen die Maßnahmen, die derzeit förderfähig sind, nach einer Beendigung des Programms nicht weiterführen. Demnach dürften die Erfolge von Hercule III beim Schutz der finanziellen Interessen der EU im Fall einer Beendigung des Programms nicht über einen längeren Zeitraum bestehen bleiben. Daher wird eine Fortsetzung des Programms empfohlen, wodurch gewährleistet wird, dass der Schutz der finanziellen Interessen der Union in den kommenden Jahren mindestens auf dem bisher erreichten Stand gehalten wird.

INTRODUCTION

The **Hercule programme** is the sole instrument that is **specifically dedicated to protecting the financial interests of the European Union (EU)** by supporting the fight against fraud related to the EU budget. In this respect, the protection of the financial interests of the EU (PFI) entails a wide range of actions to **prevent fraud on both the expenditure and revenue sides of the budget** (mainly customs duty).

Since its launch in 2004,¹ the Hercule programme has been **administrated by** the European Commission's European Anti-Fraud Office (hereinafter "OLAF"). Hercule III (hereinafter "the Programme"), established by Regulation (EU) No 250/2014² (hereinafter "the Regulation"), represents the third edition of the Hercule programme. It has a **financial envelope of almost €105 million** over a **seven-year period** from January 2014 to December 2020.³ The Programme provides financial support in the form of grants, public procurement contracts and reimbursement of participation costs **to strengthen the operational and investigative capacity of national and regional competent authorities** in the field of PFI. More specifically, three broad categories of actions are eligible for funding:

- **Technical assistance** (TA), including, *inter alia*, purchase of highly sophisticated technical equipment and information technology (IT) tools, promotion of cross-border cooperation and support of joint operations, staff exchanges, provision of technical and operational support, development and provision of access to database and IT tools needed by Member States (MS) and OLAF.
- **Specialised training**, including, *inter alia*, conference and seminars to ensure cross-border exchange of experience and best practices and coordination of the activities of national relevant authorities, digital forensics training, development of high-profile research activities (studies), improvement of cooperation between academics and practitioners.

¹ The Hercule I Programme started on 1 January 2004 on the basis of Decision 804/2004/EC and lasted through 2006. Decision 878/2007 established the Hercule II Programme covering the period 2007-13. The second phase of the Hercule Programme placed specific emphasis on the fight against cigarette smuggling and counterfeiting, as a result of the Anti-Contraband and Anti-Counterfeiting Agreement between the European Commission, Philip Morris International and 27 Member States (similar agreements have also been concluded with Japan Tobacco International, British American Tobacco and Imperial Tobacco Limited). In fact, the European Commission committed to investing €6 million per year in actions to fight cigarette smuggling and counterfeiting, mainly focusing on the purchase of scanners to detect concealed cigarettes, specialised conferences and seminars, and laboratory services. The agreement with Philip Morris International expired on 9 July 2016 and has not been renewed.

² Regulation (EU) No 250/2014 of the European Parliament and of the Council of 26 February 2014 establishing a programme to promote activities in the field of the protection of the financial interests of the European Union (Hercule III Programme) and repealing Decision No 804/2004/EC.

³ The duration has been aligned with that of Council Regulation (EU, EURATOM) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-20.

- **Other actions**, i.e. a residual category including any other action to achieve the objectives spelled out in the Regulation.

Actions are funded on the basis of **Annual Work Programmes** adopted by the Commission. According to the Annex to the Regulation, at least 70% of the total financial envelope has to be allocated to TA actions, no more than 25% to training actions and no more than 5% to other actions.⁴ In principle, the Commission can depart from this indicative allocation of funds, insofar as the allocated share of the financial envelope is not increased by more than 20% for any category of actions (Article 9 of the Regulation). Yet the Commission can decide to adopt delegated acts to amend the indicative allocation of funds spelled out in the Regulation beyond the 20% threshold. So far, the Commission has not made use of this possibility.

Annual Implementation Reports including results of funded actions, achievements of the objectives of the Programme and information on the consistency and complementarity with other relevant programmes and actions at the EU level are regularly prepared by the Commission (as requested by Recital 10 and Article 13 of the Regulation). In addition, by 31 December 2017, the Commission has to present to the European Parliament and the Council an **Independent Mid-term Evaluation Report** on the implementation of the Programme. This report is expected to cover the effectiveness, efficiency and EU added value evaluation criteria in view of the renewal, modification or suspension of the Programme. It is also expected to address, *inter alia*, internal and external coherence, relevance and need for simplification (in line with Recital 10 and Article 13 of the Regulation).

According to the **Evaluation Roadmap** prepared by OLAF,⁵ the interim evaluation had to start in the second half of 2016 and be completed by the end of 2017. In line with the requirements imposed by the Regulation and the principles summarised in the Better Regulation Guidelines⁶, the Evaluation Roadmap identifies **six evaluation criteria**: i) relevance; ii) coherence; iii) effectiveness; iv) efficiency; v) EU added value; and vi) sustainability (see Chapter 2 for further details). As regards the scope of the analysis, the evaluation has to cover **all the interventions supported so far by the Hercule III Programme** as well as the preparatory and implementing activities undertaken by the stakeholders for these interventions, thus including **successful and unsuccessful applications**. The evaluation has to be well-grounded and evidence-based and assess the concrete results achieved by the Programme.

Against this background, the remainder of this document is structured as follows:

⁴ Hercule III places greater emphasis on TA. In fact, under Hercule II, spending was divided as follows: TA (60%), special antifraud training (35%), support for European Lawyers Associations (5%).

⁵ Evaluation and Fitness Check Roadmap – Mid-term evaluation of the implementation of the Hercule III programme, established by Regulation (EU) No 250/2014, available at: http://ec.europa.eu/smart-regulation/roadmaps/docs/2017_olaf_002_midterm_evaluation_en.pdf.

⁶ European Commission, *Better Regulation Guidelines*, 19 May 2015, available at: http://ec.europa.eu/smart-regulation/guidelines/docs/swd_br_guidelines_en.pdf.

- **Part A (Evaluation approach and Methodology)** comprises i) the intervention logic of the Programme; ii) the Evaluation Framework; iii) a description of the data sources and limitations; and iv) an overview of the state of play of Hercule III.
- **Part B (Evaluation)** presents the assessment of the six evaluation criteria: i) relevance; ii) coherence; iii) effectiveness; iv) efficiency; v) EU added value; vi) sustainability; and the concluding remarks.

In addition, Annex A summarises the intervention logic; Annex B sketches the Evaluation Framework; Annex C identifies a comprehensive list of granular indicators serving the purpose of assessing the effectiveness criterion; Annex D comprises a description of the data collection strategy; Annex E lists the stakeholders consulted for this Assignment; Annex F outlines the evolution of key indicators of irregularities and fraud; Annex G, H, I and J provide supporting evidence to the effectiveness, efficiency, EU added value and coherence criteria.

PART A – EVALUATION APPROACH AND METHODOLOGY

1 INTERVENTION LOGIC

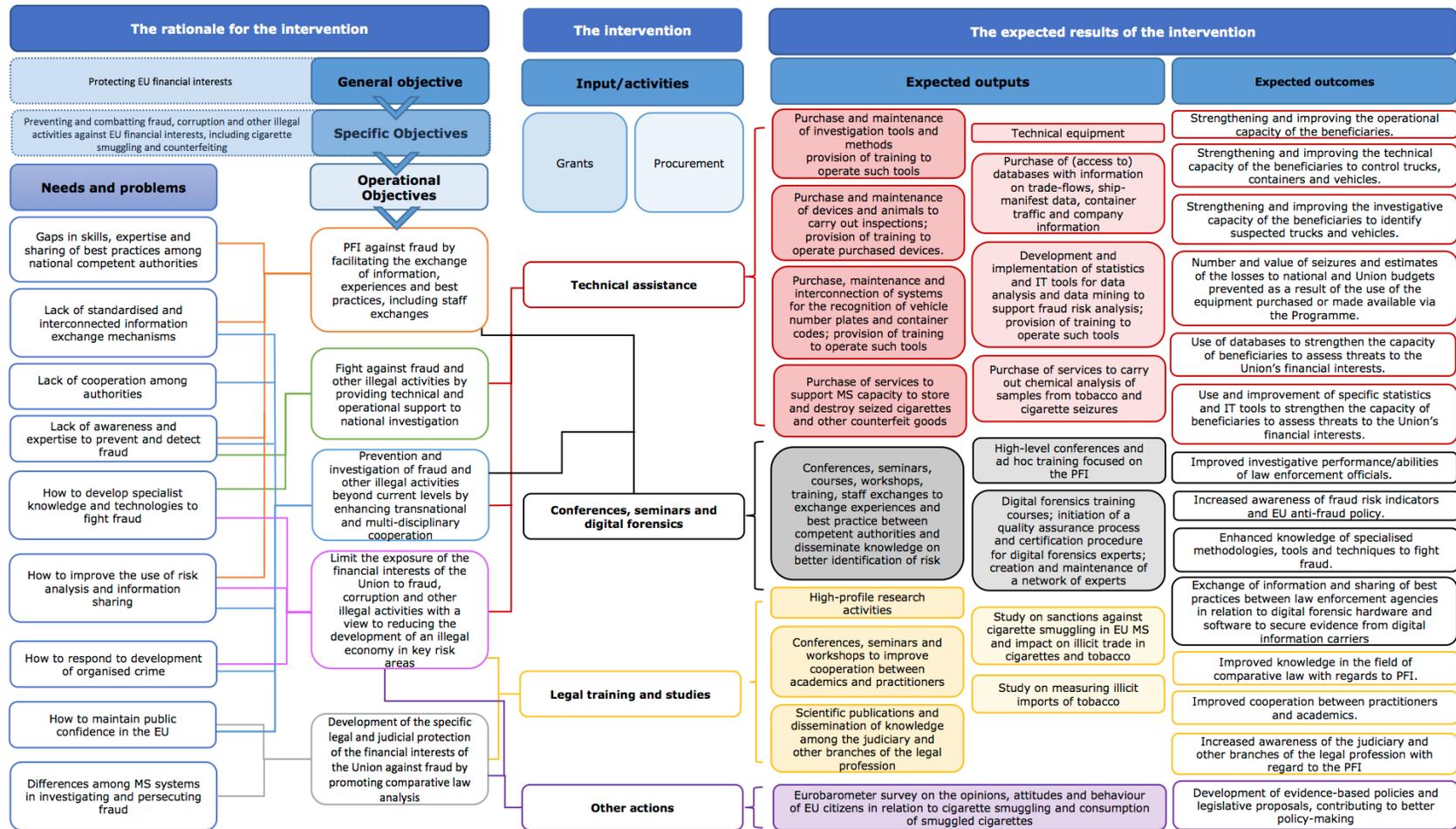
An adequate identification of the intervention logic is key to performing a **structured mid-term evaluation**. In a nutshell, this analytical approach aims to summarise the main features of the Programme by clarifying the logic followed by the Union's legislators when establishing Hercule III. This includes a detailed description of the **needs and problems** that the Programme is supposed to address, the **objectives** that the Programme is expected to achieve, the **activities** that the Programme intends to implement, the **expected results** of the Programme and the logical links between these various components. A comparison between the expected results (i.e. how the Programme was intended to work) and the actual results stemming from the intervention under analysis (i.e. how the Programme worked in reality) enables a mid-term evaluation based on evidence. Against this background and in line with the Better Regulation Guidelines,⁷ the following **components of the intervention logic** were identified and described in Annex A:

- **The rationale for the intervention**
 - Needs and problems
 - Objectives (general, specific, operational)
- **The intervention**
 - Inputs/activities
- **The expected results of the intervention**
 - Outputs (expected)
 - Outcomes (expected)
 - Impacts (expected)

In what follows a diagram summarising the intervention logic of the Hercule III Programme is presented (Figure 1).

⁷ European Commission, *Better Regulation Guidelines*, 19 May 2015, available at: http://ec.europa.eu/smart-regulation/guidelines/docs/swd_br_guidelines_en.pdf.

Figure 1. Intervention logic of the Hercule III Programme



2 EVALUATION FRAMEWORK

The mid-term evaluation of the Hercule III Programme is based on the **five criteria** generally used to evaluate EU policies (Figure 2) and enshrined in the 2015 “Better Regulation Guidelines”⁸ and the “Better Regulation Toolbox”.⁹ In the context of this Assignment, these criteria are functionally defined as follows:

- **Relevance.** Relevance is defined as the alignment between the original objectives of the Hercule III Programme and the needs and problems of stakeholders and the EU at large. In other words, the relevance criterion checks whether **the rationale underlying the Programme is still appropriate** or requires a revision in order to take into account changing needs and problems. This criterion is translated into two specific evaluation questions (EQ):
 1. To what extent have the specific and operational objectives of the Hercule III Programme proven to be relevant for its general objective?
 2. To what extent have the activities of the Hercule III Programme proven to be relevant for achieving its operational and specific objectives?

- **Coherence.** Coherence is a measure of the degree to which the interventions supported by the Programme are consistent with each other (so-called ‘**internal coherence**’) and with the EU policy framework at large (so-called ‘**external coherence**’), and/or create synergies or overlaps. This criterion is summarised by the following EQ:
 3. What are the synergies between and within the different types of actions under the Programme and with other EU supported measures, programmes and actions, such as Customs 2020 or Fiscalis 2020?

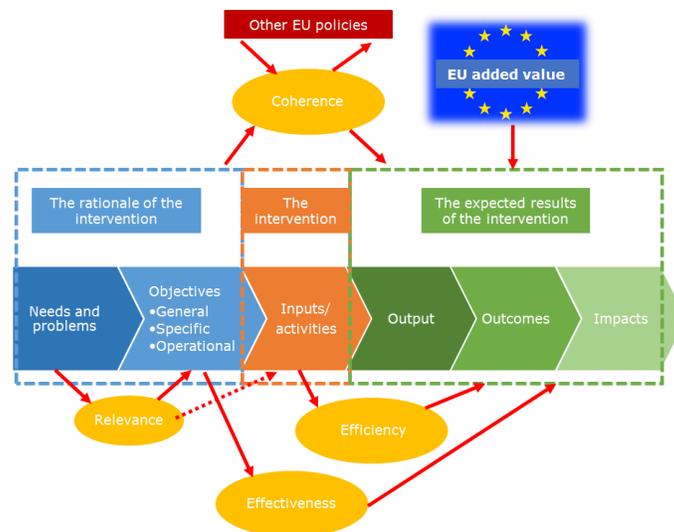
- **Effectiveness.** Effectiveness is defined as the extent to which the Hercule III Programme has achieved its objectives and generated the expected results. In a nutshell, this criterion identifies the possible **gaps between the objectives and results** of the Programme as well as **between the expected and actual results**. Two EQ are answered with regard to this criterion:
 4. To what extent have the overall intervention logic/strategy of the Programme and the actions contributed to the achievement of the objectives of the Hercule III Programme?
 5. To what extent have these objectives been achieved through the Hercule III Programme’s interventions and to what extent have other factors played a role?

⁸ European Commission, *Better Regulation Guidelines*, 19 May 2015, available at: http://ec.europa.eu/smart-regulation/guidelines/docs/swd_br_guidelines_en.pdf.

⁹ European Commission, *Better Regulation “Toolbox”*, 19 May 2015, available at: http://ec.europa.eu/smart-regulation/guidelines/docs/br_toolbox_en.pdf.

- Efficiency.** The evaluation criterion of efficiency concerns the **minimisation of costs borne by various stakeholders to achieve the objectives and results** assessed under the “effectiveness” criterion. Also, this criterion is assessed via two separate EQ:
 - To what extent have the desired effects been achieved at reasonable costs?¹⁰
 - Could the same effects have been achieved with lower costs if procedures had been simpler, involving less administrative burden and/or efficient implementation mechanisms had been applied?
- EU added value.** The EU added value is a measure of the **additional impacts generated by the Hercule III Programme at EU level**, as opposed to leaving the subject matter in the hands of MS (including regional entities where relevant). This criterion requires consideration of two EQ:
 - Has the Programme allowed delivering results that could not, or to a lesser extent, be achieved by interventions undertaken at national or regional level?
 - Does the intervention at the EU level provide added value in terms of the efficient use of financial resources as compared to a possible intervention at national level?

Figure 2. Evaluation criteria



Source: Authors' elaboration on Better Regulation Guidelines.

¹⁰ It is worth stressing that the results of a cost-benefit analysis in the context of this mid-term evaluation are likely to be negative, as the benefits of actions funded by Hercule III tend to materialise in the medium-/long-term, while the bulk of costs (e.g. for arranging a conference or purchasing technical equipment) are incurred as soon as a certain action is implemented. In this respect, the Evaluation Team relies on a more qualitative approach and, when possible, on cost-effectiveness analysis for quantification purposes.

In addition, on request by the Commission, an additional criterion is assessed:

- **Sustainability.** The assessment of sustainability refers to the likelihood that the Hercule III Programme and its supported actions will continue producing benefits after their completion. This criterion is covered by a specific EQ included in the RFS:

10. To what extent are the (positive) effects of the intervention likely to last after the intervention has ended?

Against this background, the Evaluation Team devised an Evaluation Framework which serves the purpose of guiding the mid-term evaluation and includes the following items (see Annex B):

- **evaluation criteria** (see above);
- **EQ** (see above);
- **judgment criteria**, i.e. the operationalisation of the EQ by making the phenomenon for observation explicit;
- **indicators**, which serve the purpose of applying judgment criteria and have been chosen according to the RACER framework;¹¹
- **data sources**, i.e. the sources of evidence on which the Evaluation Team relies to apply the judgment criteria and answer the EQ;
- **data collection methods**, i.e. the approach adopted to gather the required evidence.

The Evaluation Framework is complemented by a comprehensive list (see Annex C) of granular indicators serving the purpose of assessing the effectiveness criterion. A selection of these indicators is measured based on data collected during the “Fieldwork” phase of the Assignment. In this respect, while data sources are presented in Chapter 3, data collection methods to implement the Evaluation Framework are detailed in Annex D.

As discussed in Chapter 1 (Paragraph 0) presenting the intervention logic, the long-term impacts of the Hercule III Programme cannot be captured in a mid-term evaluation. Whereas in Part B the Evaluation Team relied on descriptive statistics summarised in PFI reports to discuss impacts of previous editions of the Hercule Programme, no conclusions can be drawn with regard to the impacts of actions funded by the Hercule III Programme, as they will most likely materialise in coming years.

¹¹ The RACER framework (see European Commission, *Better Regulation “Toolbox”*, 19 May 2015) requires adopting indicators that are: i) relevant, i.e. closely linked to the EQ as operationalised through the judgment criteria; ii) accepted, i.e. retrieved from relevant literature or best evaluation practices; iii) credible, i.e. easy to interpret and unambiguous, especially in view of drawing evidence for policy-making; iv) easy to monitor, i.e. measurable at a low cost; and v) robust, which is equivalent to saying they cannot be manipulated by the regulators or regulated subjects.

3 DATA SOURCES AND LIMITATIONS

While a detailed description of the data collection strategy is included in Annex D, this Chapter provides an overview of the main data sources consulted to perform the Assignment and discuss data limitations.

3.1 Data sources

Data sources for this Assignment can be classified into two main groups:

- **Primary data**, i.e. data that were collected specifically for the purpose of the Assignment via:
 - **interviews** with: i) Commission staff; ii) national institutions active in fraud prevention and PFI; and iii) beneficiaries of actions funded by the Programme; and
 - **online surveys** with: i) beneficiaries of actions funded during the first two years of the Programme; ii) unsuccessful applicants; iii) participants in events co-financed by Hercule III; and iv) users of services procured by Hercule III.
- **Secondary data**, i.e. data gathered by consulting:
 - **public available sources** including, *inter alia*, the Regulation and accompanying material (e.g. the IA), Annual Work Programmes, Annual Implementation Reports, PFI Reports, final evaluation reports and interim reports of the Hercule II Programme and legal texts establishing other programmes (e.g. Customs 2020, Fiscalis 2020, Internal Security Fund); and
 - **official documentary evidence** on both submitted proposals (i.e. application forms) and awarded contracts and grants (i.e. feedback from grant beneficiaries in the form of Final Technical Reports, Final Financial Reports and Final Implementation Reports (limited to TA actions)).

3.1.1 Primary data: Consulted stakeholders

During the Fieldwork phase, the Evaluation Team consulted **574 stakeholders** (see Table 1 and Table 2 for further details), comprising **16 officials** of EU or national institutions, **56 beneficiaries** of the Programme (i.e. 71% of total beneficiaries), **67 unsuccessful applicants** (i.e. 25% of total unsuccessful applicants), **321 participants in events** (i.e. 27% of participants invited to reply) and **112 users of databases and services** (i.e. 31% of users invited to reply). Whereas 49 stakeholders (i.e. all officials from institutions and 33 beneficiaries) were interviewed, the remaining stakeholders participated in four *ad hoc* online surveys, which are presented in Annex D. The main features of each stakeholder group and their representativeness are further discussed in Annex E.

Table 1. Consulted stakeholder by type of consultation

Type of stakeholder	Interview	Online survey + follow-up interview	Online survey	Total sample
EU institutions	7	-	-	7
National institutions	9	-	-	9
Beneficiaries TA	13	2	10*	25
Beneficiaries AFT	10	3	8**	21
Beneficiaries LTS	4	1	5	10
Applicants TA	-	-	56	56
Applicants AFT	-	-	5	5
Applicants LTS	-	-	6	6
Participants	-	-	321	321
Users	-	-	112	112

Note: *For the effectiveness, EU added value and sustainability criteria, nine beneficiaries of TA actions completed the online survey. **For the effectiveness, EU added value and sustainability criteria, seven beneficiaries of AFT actions completed the online survey.

Source: Authors' elaboration on interviews and online surveys with institutions, beneficiaries, unsuccessful applicants, participants in events and users of services.

Table 2. Share of total population represented by consulted beneficiaries, unsuccessful applicants, participants in events and users of services

Type of stakeholder	Total sample	Total population	Sample / population
Total beneficiaries	56	79	71%
Beneficiaries TA (2014-15)	25	38	66%
Beneficiaries AFT (2014-15)	21	25	84%
Beneficiaries LTS (2014-15)	10	16	63%
Total applicants	67	267	25%
Applicants TA (2014-16)	56	174	32%
Applicants AFT (2014-16)	5	61	8%
Applicants LTS (2014-16)	6	32	19%
Participants (2014-15)	321	1,194* (3,400)**	27%* (9%)**
Users (2014-16)	112	352*	32%*

Note: *Participants/users invited to complete the online survey. **Participants in events funded during the first two years of the Programme according to the Annual Implementation Reports.

Source: Authors' elaboration on interviews and online surveys with beneficiaries, unsuccessful applicants, participants in events and users of services (for sample) and on documentary evidence and Annual Implementation Reports (for population).

3.1.2 Secondary data: Documentary evidence

Public available data sources consulted for this Assignment are carefully cited in the report and references are provided in footnotes; only authoritative sources were considered (e.g. European Commission, OECD, Transparency International), thus ensuring well-grounded conclusions.

Documentary evidence is on file with OLAF, as it includes sensitive information. The Evaluation Team reviewed at OLAF premises all the **application forms (79)** and available **reporting documents (49)** for actions funded during the first two years of the Programme (2014 and 2015; see Table 3). It is worth stressing that reporting documents were only available for 35 out of 41 actions in 2014 and for 14 out of 38 actions in 2015. This is mostly because many TA actions were still ongoing at the moment of reviewing documentary evidence, as confirmed by beneficiaries consulted for this Assignment (Section 7.1.2). These documents contain highly reliable data and information, as their truthfulness can be ascertained by the Commission, the Court of Auditors and/or OLAF by means of audits or investigations, according to their respective competences.¹²

Table 3. Documentary evidence reviewed for this Assignment

Category of action	2014			2015		
	Grant awarded	Application forms	Reporting documents	Grant awarded	Application forms	Reporting documents
TA	21	21	15	17	17	0
AFT	12	12	12	13	13	12
LTS	8	8	8	8	8	2
Total	41	41	35	38	38	14

Source: Authors' elaboration on documentary evidence.

3.2 Data limitations

Before moving to Part B, where all the EQ are answered, special emphasis needs to be placed on a number of caveats that have an impact on the Assignment:

- The Evaluation Team is able to draw robust conclusions for all EQ, thanks to the population coverage ensured by the consulted national institutions (MS receiving more than 60% of grants awarded in 2014 and 2015, plus two MS that did not receive any grant) and beneficiaries (71% of the total population). As the shares of total population represented by unsuccessful applicants (25%), participants in events (27% of invited participants, 9% of total population) and users of services (32% of invited users) are lower, more

¹² For further details see Article 12 of the Regulation and

caution is required when interpreting conclusions based on these surveys. Therefore, to ensure the highest quality of the findings: i) **all the EQ are addressed by combining feedback from more than one stakeholder category**; ii) whenever possible, **data and information collected from stakeholders are compared with evidence retrieved from application forms and reporting documents** in order to ascertain consistency across data sources consulted to perform the evaluation.

- The **timing of the mid-term evaluation** is compliant with Article 13 of the Regulation establishing the Hercule III Programme, which requires the Commission to present an Independent Mid-Term Evaluation Report to the European Parliament and the Council by 31 December 2017. Against this background, to complete the Assignment on time, **the evaluation is confined to actions funded during the first two years of the Programme** (2014 and 2015). As regards 2016, the analysis is limited to applications received in the context of calls for proposals; in fact, no action co-financed by Hercule III grants for 2016 calls was completed at the moment of conducting fieldwork activities for this Assignment. Importantly, some actions covered by the 2014 and 2015 budget were still ongoing during fieldwork; hence, their impact can only be recorded to a limited extent. Reportedly, due to the unexpected (high) number of applications, some delays in awarding the grants and finalising the funded actions were registered. In addition, based on information retrieved from application forms, half of the TA actions funded in 2014 and 2015 were expected to last more than 12 months. **These data limitations impinge on the assessment of both outcomes and impacts:**
 - With regard to outcomes, **13 out of 25 TA actions surveyed for this Assignment were still ongoing at the moment of gathering data and information to assess the effectiveness of the Programme.** In addition, for completed actions, most beneficiaries argued that they only recently received the devices, tools and systems co-financed by Hercule III. As a consequence, whereas most of the beneficiaries of TA actions provided output indicators (e.g. type and number of items purchased with Hercule III funds), evidence on outcome indicators (e.g. successful operations, number of arrests, convictions seizures, etc.) is scant. Therefore, limited conclusions can be drawn about the alignment between actual and expected outcomes of TA actions. Whereas this limitation cannot be overcome in the context of this mid-term evaluation, when setting deadlines for the mid-term and final evaluation of the next edition of the Programme, it is advised to consider that most of the grants are awarded in the second part of the year as well as the time elapsing between the grant award and the completion of granted actions. For instance, **a one-year shift in the deadline to present the next mid-term evaluation report** to the European Parliament and the Council would make it possible to measure outcomes indicators at least for actions funded in the first year of the next edition of the Hercule Programme.
 - As discussed in Annex A, **impacts occur in the long-term and can hardly be captured by a mid-term evaluation.** In principle, in the

long-run, the Hercule III Programme is expected to improve the PFI, thus ensuring the competitiveness of the European economy and the protection of taxpayers' money, as stated in Article 3 of the Regulation. It is too early to measure such impacts, especially if one considers that the first actions funded by the Programme were only implemented in 2015. At any rate, the impacts of previous editions of the Programme may be captured by the evolution of key indicators concerning the PFI, which are presented in Annex F.

- **Available primary and secondary data and information mainly allow evaluating actions funded via grant agreements**, which represent 75% of the overall commitments in 2014 and 2015. The evaluation of databases, IT tools and analyses of cigarettes and tobacco samples funded under procurement is performed on the basis of feedback provided by respondents to the online survey with users; hence, all TA actions¹³ have been assessed. The evaluation of conferences, digital forensics training, studies and other actions procured by Hercule III cannot be performed because it was not possible to collect evidence from the contractors who arranged these actions due to confidentiality, data protection and contractual reasons; at any rate, such actions represent less than 10% of the overall commitments in the first two years of the Programme (Table 5). Therefore, the Assignment covers the lion's share of the Hercule III Programme.
- The contact details for event participants and users of services procured by Hercule III were not provided to the Evaluation Team for confidentiality and data protection reasons.
 - With regard to the survey with participants, **OLAF requested beneficiaries of AFT and LTS grants to invite participants in the events they arranged to complete the online survey. This approach may lead to biased results** as beneficiaries might have distorted incentives, e.g. to share introductory emails only with a limited set of "satisfied" participants or not to support the survey at all, especially in case they believe there is a risk of negative feedback. It was not possible to control for this type of bias. Nonetheless, whenever possible, a consistency check¹⁴ was performed between data collected via the online survey with participants and data retrieved from Final Technical Reports of AFT actions, which include, *inter alia*, the participants' assessment of each event with replies provided by about 3,000 participants (i.e. almost 90% of all participants; Table 2).¹⁵ In addition, to facilitate future evaluations, the Evaluation Team suggests

¹³ TA actions funded via grant agreements and procurement contracts represent 80% of the commitments in 2014 and 2015.

¹⁴ A consistency check aims to detect whether the value of two or more data items are not in contradiction (UN Statistical Commission, UNECE, 2000. Glossary of Terms on Statistical Data Editing).

¹⁵ Whereas the survey with participants allows gathering the stakeholders' perceptions a few months after the event was held, participants' assessments included in Financial Technical Reports are based on data gathered during the event. Therefore, the latter does not allow capturing whether participants, for example, used the skills acquired during the event in their work activities or interacted with people they met at the event after the event ended.

including additional reporting requirements for beneficiaries of actions involving the organisation of events: beneficiaries should provide OLAF with email addresses of all participants in events, accompanied by a data protection waiver allowing OLAF and OLAF's contractors to contact the participants for evaluation purposes.

- Similarly, OLAF was in charge of sending the invitations to complete the online survey to users of the services funded by Hercule III. While this approach did not lead to any potential bias, information about the total population of users is unavailable.

4 STATE OF PLAY

Before assessing the evaluation criterion (Part B), an overview of the state of play of the Programme is provided. This helps put in context any considerations of data made in the Chapters 3.

4.1 Commitments

The analysis of the 2014, 2015 and 2016 Annual Implementation Reports of the Hercule III Programme¹⁶ reveals that in the first three years of implementation, **about 170 actions were funded either under grant agreements or procurement** (Table 4).

Table 4. Total number of grants and contracts by category of action

Year	Numbers of actions							
	2014		2015		2016		Total	
Financial instruments	G	P	G	P	G	P	G	P
Technical Assistance	21	7	17	6	23	7	61	20
Anti-fraud Training	12	10	13	4	13	7	38	21
Legal Training and Studies	8	0	8	1	10	0	26	1
Other actions	0	0	0	1	0	0	0	1
Total per financial instrument	41	17	38	12	46	14	125	43
Total	58		50		60		168	

Note: G=grants; P=procurement. Provisional data for 2016.

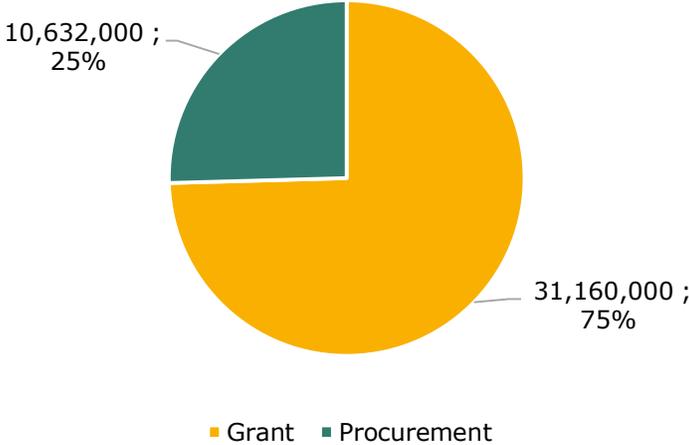
Source: Authors' elaboration on 2014, 2015 and 2016 Annual Implementation Reports.

Over the 2014-16 period, the overall committed budget, covering all types of eligible actions, amounted to more than €41 million and the largest share thereof (75%) was distributed via grant agreements (Figure 3).

¹⁶ Data for 2016 are based on a draft Annual Implementation Report provided by OLAF and are therefore provisional. For 2014 and 2015 see: European Commission (2015), *Annual overview with information on the results of the Hercule III Programme in 2014*, SWD(2015)151 final, available at: http://ec.europa.eu/anti-fraud/sites/antifraud/files/overview_herculeiii_2014_en.pdf; and European Commission (2016), *Annual overview with information on the results of the Hercule III Programme in 2015*, SWD(2016)238 final, available at: http://ec.europa.eu/anti-fraud/sites/antifraud/files/annual_overview_herculeiii_2015_en.pdf.

Actions funded under the TA heading (either through grants or procurement) **accounted for the largest budget share** (above 80%), followed by AFT actions (some 16%) and LTS actions (4%); the Other Actions heading was used only to finance a Eurobarometer Survey in 2015 (Figure 4 and Table 5).

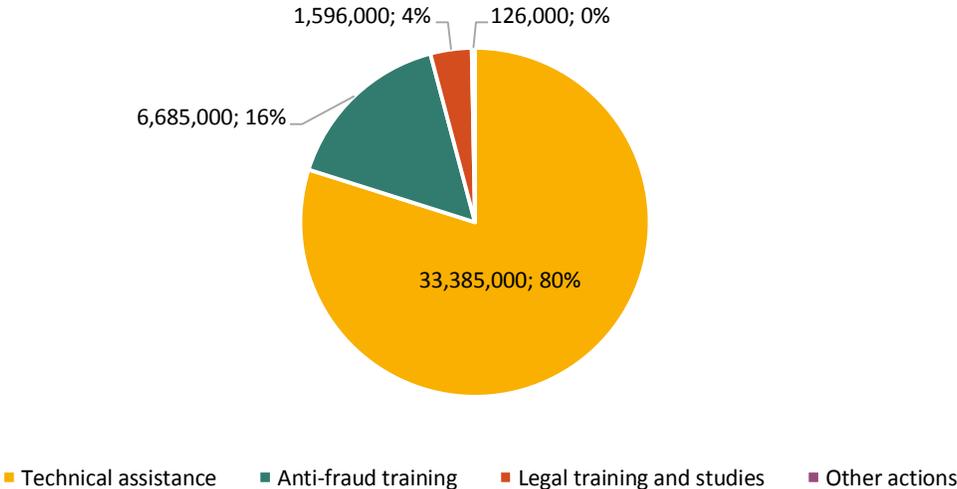
Figure 3. Commitments* by type of financial support (2014-16, in €)



*Note: *Data for conferences organised under procurement accounts for paid amounts rather than commitments. Provisional data for 2016.*

Source: Authors' elaboration on 2014, 2015 and 2016 Annual Implementation Reports.

Figure 4. Commitments* by category of action (2014-16, in €)



*Note: *Data for conferences organised under procurement accounts for paid amounts rather than commitments. Provisional data for 2016.*

Source: Authors' elaboration on 2014, 2015 and 2016 Annual Implementation Reports.

Table 5. Commitments by category of action (€ thousands)

Action	2014	2015	2016
Technical assistance	10,639	11,185	11,561
• Grants	8,683	9,183	9,455
• Database under procurement ¹⁷	1,756	1,277	1,150
• IT tools under procurement ¹⁸	200	500	721
• Procurement of technical equipment*	0	0	50
• Analysis of samples taken from cigarette and tobacco seizures ¹⁹	0	225	185
Anti-fraud training	2,163	2,044	2,478
• Grants	622	871	900
• Conferences under procurement** ²⁰	806	291	694
• Digital forensics training under procurement	735	882	884
Legal training and studies	496	607	493
• Grants	496	457	493
• Study on sanctions and illicit trade (in tobacco and cigarettes)	0	150	0
Other actions	0	121	5
• Eurobarometer Survey ²¹	0	121	0
• Other actions	0	0	5
Total	13,298	13,957	14,537

Note: *Action introduced in 2016. **Data for conferences organised under procurement accounts for paid amounts rather than commitments. Provisional data for 2016.

Source: Authors' elaboration on 2014, 2015 and 2016 Annual Implementation Reports.

4.2 Beneficiaries and participants

Over the period 2014-16, **391 applications were submitted** in response to calls for proposals and 125 grants were awarded (i.e. 32% of total submissions), as highlighted in Table 6. The lion's share of applications was submitted by entities

¹⁷ OLAF has purchased (access to) six different databases in the first two years of implementation of the Hercule III Programme: NTELX, GTI, GRS, D&B reporting system, SEASEARCHER, GTA. Such databases mainly cover: i) trade-related information (CTI, GTI, GTA); ii) company data (GRS, D&B reporting system); and iii) container movements (NTELX, SEASEARCHER).

¹⁸ The development of specific IT tools for data analyses initiated under Hercule II was continued under Hercule III and focused on two projects (the Automated Monitoring Tool and Container Traffic) carried out by JRC Ispra via an administrative arrangement.

¹⁹ This action is carried out by JRC Geel via an administrative arrangement.

²⁰ OLAF has procured 18 conferences under the Hercule III Programme between 2014 and 2016.

²¹ Special Eurobarometer 443, *Public perception of illicit tobacco trade*, available at:

http://ec.europa.eu/anti-fraud/sites/antifraud/files/eurobarometer_summary_illicit_tobacco_trade_en.pdf.

based in Romania (82 applications) and Poland (67; Figure 5). **The largest number of grants (15) was directed to Polish applicants**, followed by Italian (14), Romanian (13), French (11) and Lithuanian (9). **The largest budget share (more than €3.5 million) was allotted to actions implemented in Poland and Lithuania** (Figure 6). Among countries that received more than five grants, no TA grant was awarded in Italy and Germany, while French actions were all funded under the TA heading. Three MS did not receive any grants: Austria (only one application submitted), Denmark (only one application submitted) and Slovenia (six applications submitted).

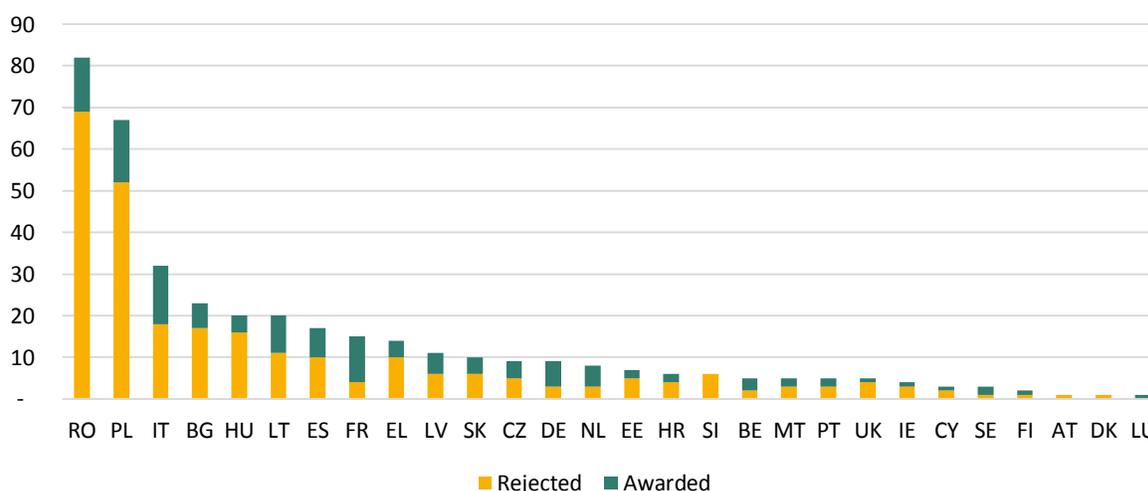
Table 6. Number of applications and grants awarded by category of action

Status	2014			2015			2016*			Total		
	R	A	%	R	A	%	R	A	%	R	A	%
Technical Assistance	83	21	25	79	17	22	72	23	31	234	60	26
Anti-Fraud Training & Conferences	29	12	41	42	13	31	28	13	46	99	33	33
Legal Training & Studies	16	8	50	20	8	40	22	10	45	58	26	45
Total	128	41	32	141	38	27	122	46	38	391	125	32

Note: R=received; A=awarded. Provisional data for 2016.

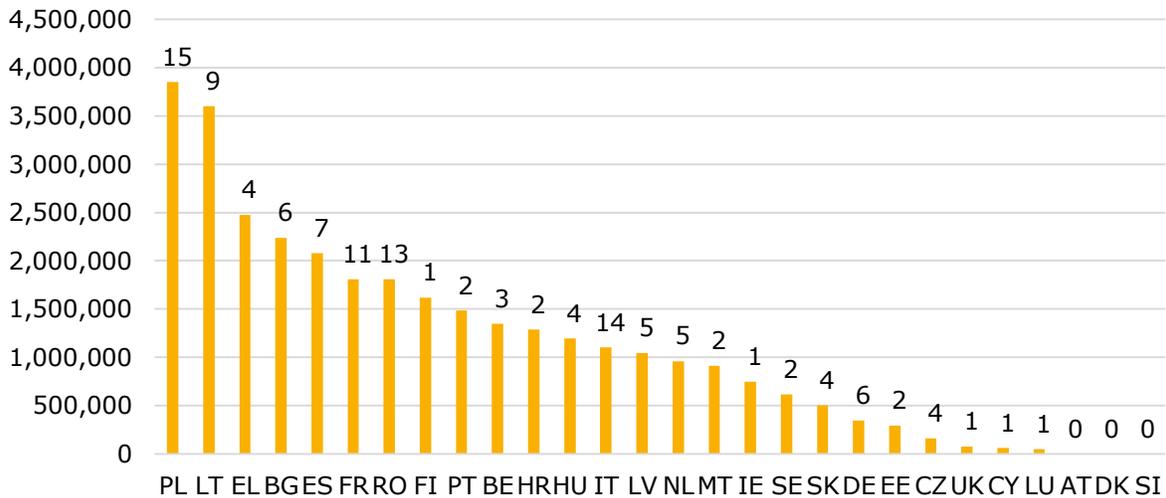
Source: Authors' elaboration on 2014, 2015 and 2016 Annual Implementation Reports.

Figure 5. Number of applications by Member State (2014-16)



Source: Authors' elaboration on lists of proposals and funded actions shared by OLAF.

Figure 6. Commitments for grant agreements by Member State (2014-16; € and number of grants)



Source: Authors' elaboration on lists of proposals and funded actions shared by OLAF.

Finally, relevant Annual Implementation Reports emphasise that **in each year between 2014 and 2016 some 1,700 participants took part in events** (including conferences, seminars and training) funded by Hercule III. Whereas in 2014 and 2015 the Commission received more than 1,400 replies to questionnaires recording participants' satisfaction, in 2016 1,200 questionnaires were received.

PART B – EVALUATION

5 RELEVANCE

HIGHLIGHTS

- The specific and operational objectives that the Programme aims to achieve are relevant to the PFI. In fact, most of the consulted stakeholders confirmed the alignment between operational, specific and general objectives of Hercule III.
- Addressing all the needs and problems that were originally tackled by the Hercule III Programme still contributes to the PFI. The majority of respondents in all categories of stakeholders considered such problems still relevant.
- All eligible actions play a relevant part in the achievement of the Programme's objectives. Again, the majority of stakeholders consulted for this Assignment believe that all actions contribute to the Programme's specific and operational objectives.
- The alignment between eligible actions and the Programme's objectives is ensured by a specific award criterion included in all calls for proposals.

As stated in Article 13.2(a) of the Regulation, the mid-term evaluation aims, *inter alia*, to assess of "the continued relevance of all objectives of the Programme". Assessing the relevance criterion requires **investigation of whether the rationale underlying the Programme is still appropriate or should be revised to account for changing needs and problems**. The criterion is broken down into two specific EQ, which are addressed in what follows by mainly relying on primary information retrieved from EU and national institutions, beneficiaries of actions funded by the Programme as well as unsuccessful applicants. Supplementary evidence is also retrieved from calls for proposals, successful application forms and reporting documents.²²

5.1 EQ1: To what extent have the specific and operational objectives of the Hercule III Programme proven to be relevant for the general objective of the protection of the financial interests of the EU?

Based on the Evaluation Framework (see Chapter 2), this EQ is chiefly addressed by assessing the degree of alignment between the Hercule III Programme's general, specific and operational objectives. Objectives of the Hercule III Programme are listed in Annex A. In addition, in line with the Better Regulation Guidelines²³ that require examining the relationship between the needs and problems and the objectives of an

²² With regard to the relevance criterion: i) the review of call for proposals allowed discussing the award criterion #2 ("Conformity with the Operational Objectives of the Hercule III programme") in Section 5.2; ii) the review of application forms and reporting documents allowed assessing the alignment between eligible actions and the Programme's objectives at the end of Section 5.2.

²³ European Commission, *Better Regulation Guidelines*, 19 May 2015, available at: http://ec.europa.eu/smart-regulation/guidelines/docs/swd_br_guidelines_en.pdf.

EU intervention, the answer to EQ1 is completed by assessing the degree of alignment between stakeholders' perceptions of needs and problems and the objectives of the Programme. The Programme's problems, needs and objectives are detailed in Annex A.

5.1.1 Alignment between general, specific and operational objectives

The relevance to the PFI of the objectives the Programme intends to achieve was acknowledged by all categories of stakeholders consulted for this Assignment (Figure 7). More specifically, most of the informed respondents²⁴ confirmed that the operational, specific and general objectives of the Programme are aligned either to a high extent or to the fullest extent.²⁵ On average, "*providing technical and operational support to competent authorities of Member States in their fight against fraud and other illegal activities*" contributes the most to the achievement of the general and specific objectives of the Programme. Conversely, regardless of the type of stakeholder, "*promoting comparative law analysis and supporting academic analysis of strategic legal issues with a view to developing a broad consensus on how to better use legal resources in the protection of EU financial interests*" is the operational objective contributing relatively less to the PFI.²⁶

Some stakeholders also suggested additional operational objectives that should be targeted to better achieve the strategic objectives of the Programme, such as: i) strengthening cross-border cooperation by placing emphasis on activities that fall beyond national priorities of certain MS (e.g. cross-border investigations for VAT carousels); ii) facilitating mutual administrative assistance between MS, especially when it comes to structural funds; iii) fighting tax evasion and avoidance; iv) addressing sophisticated forms of corruption, e.g. in public procurement (tailor-made, cartel) that do not reach the level of criminal fraud.²⁷

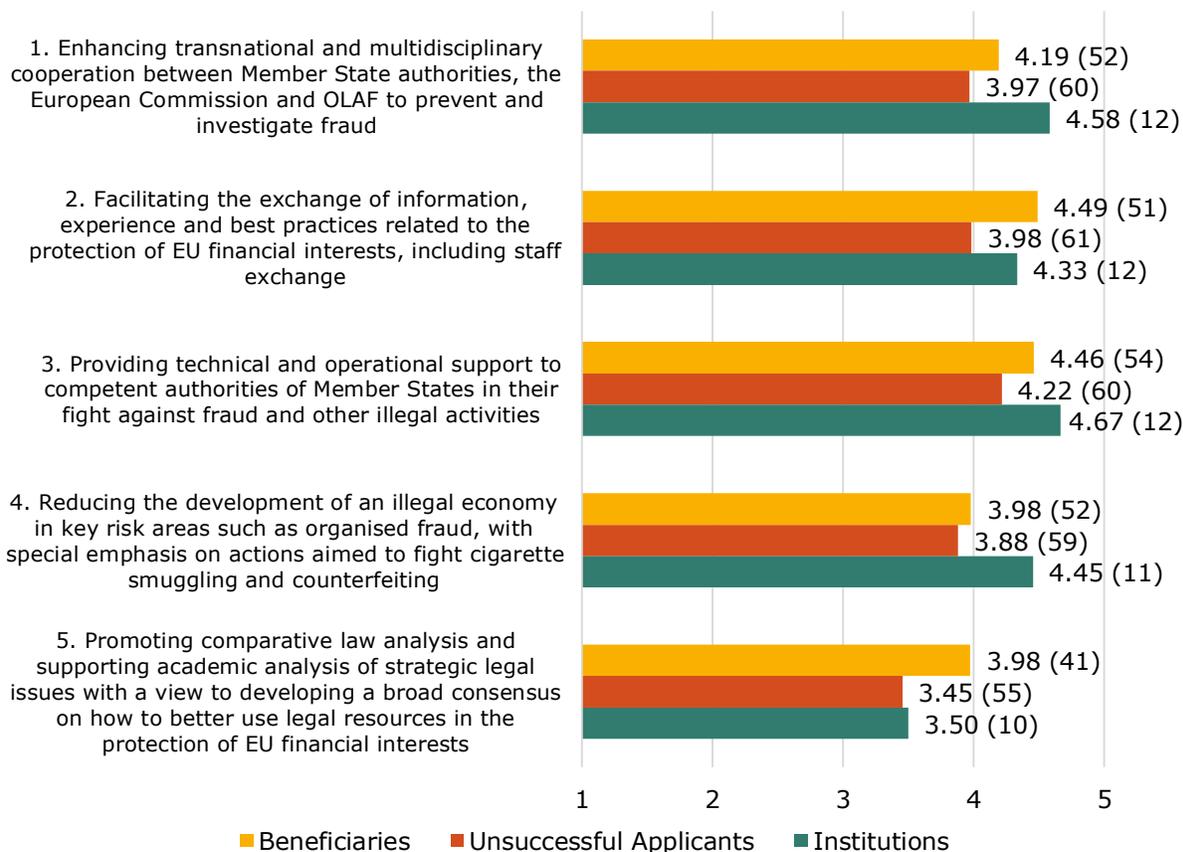
²⁴ These exclude respondents that selected the "Do not know/No opinion" or "Not Applicable" answer.

²⁵ The only exception is represented by "promoting comparative law analysis and supporting academic analysis of strategic legal issues", as 60% of institutional stakeholders believe this operational objective contributes only "to some extent" to the PFI, whereas the remaining 40% confirmed a contribution to a high/the fullest extent.

²⁶ General conclusions hold when segmenting beneficiaries and unsuccessful applicants by category of actions. Nonetheless, the ranking of operational objectives changes: i) beneficiaries and unsuccessful applicants interested in AFT actions attribute more value to the exchange of information, experience and best practices, including staff exchanges; ii) beneficiaries and unsuccessful applicants interested in LTS actions attribute more value to promoting comparative law analysis and supporting academic analysis; iii) beneficiaries and unsuccessful applicants interested in LTS actions attribute value to the provision of technical and operational support.

²⁷ Whereas both interviewees and respondents to the online surveys were requested to suggest (if any) additional operational objectives, most of the suggestions were provided by interviewees. These suggestions were provided by a limited number of consulted stakeholders and do not constitute statistically representative findings.

Figure 7. To what extent does each operational objective contribute to the PFI and, more specifically, to preventing and combating fraud, corruption and other illegal activities against EU financial interests, including cigarette smuggling and counterfeiting? (Average evaluation; number of respondents)



Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

Note: Number of informed respondents in brackets. Differences in number of respondents across dimensions are due to respondents selecting the "Do not know/No opinion" or "Not Applicable" answer. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with institutions, beneficiaries and unsuccessful applicants.

5.1.2 Alignment between needs and problems and objectives

On average, beneficiaries, unsuccessful applicants and institutions consulted for this Assignment believe that **addressing all the needs and problems originally tackled by the Hercule III Programme still helps protect the EU's financial interests**. In fact, the majority of informed respondents²⁸ in all categories of

²⁸ These exclude respondents that selected the "Do not know/No opinion" or "Not Applicable" answer.

stakeholders consider the problems identified by the IA²⁹ and listed in Figure 8 still relevant to the PFI either to a high extent or to the fullest extent.³⁰ This result contributes to confirming that the rationale underlying the programme is still appropriate. *“Developing specialist knowledge and deploying state of the art technologies for prevention, detection and investigation of fraud against the EU budget”* is considered on average the most relevant problem to be addressed by all stakeholder categories.³¹ The second most important problem is: i) the current *“gap in skills, expertise and sharing of best practices among national competent authorities”* according to beneficiaries of funded actions; ii) the *“rapid development of organised crime activities in key sectors”* according to unsuccessful applicants; and iii) the *“lack of awareness and expertise to prevent and detect fraud”* according to EU and national institutions.

In addition to the needs and problems identified by the IA, **some beneficiaries listed other challenges to the PFI that should be addressed by the Programme.** Several beneficiaries indicated as a relevant problem the lack of exchange mechanisms and tools that are standardised and interconnected to investigate and prosecute fraud in the areas of e-crime. One beneficiary stressed the need to create a shared database on fraud schemes and fraudsters among MS. Some beneficiaries and institutional stakeholders emphasised the need to further improve coordination among Anti-fraud Coordination Services (AFCOS)³² and to harmonise the powers and responsibilities of such institutions. Additional challenges that are considered to impinge on the PFI include: i) tax evasion and avoidance; iii) differences in the interpretations of digital evidence by law enforcement and judicial authorities across MS; iv) insufficient exchange of information on modern technologies and techniques to combat fraud; v) insufficient number of specialised, field training; vi) different treatment of “whistle-blowers” across MS; vi) suboptimal protection of the EU external borders. In addition, some EU officials stressed that the *“differences in national administrative and judicial environments for investigating and prosecuting EU budget fraud”* in the near future are expected to be addressed by the European Public Prosecutor’s Office.³³

Against this background, and despite fluctuations recorded between 2008 and 2016, official statistics on reported irregularities and fraud to the detriment of the EU budget confirm that the financial interests of the EU are still harmed by numerous fraudulent and non-fraudulent irregularities (see Annex F). Hence, **the policy problem on**

²⁹ For further details see Annex A.

³⁰ The only exception is represented by *“differences in national administrative and judicial environments for investigating and prosecuting EU budget fraud”*, which are considered relevant “to some extent” by 42% of informed respondents and to a high/the fullest extent by 42% of informed respondents.

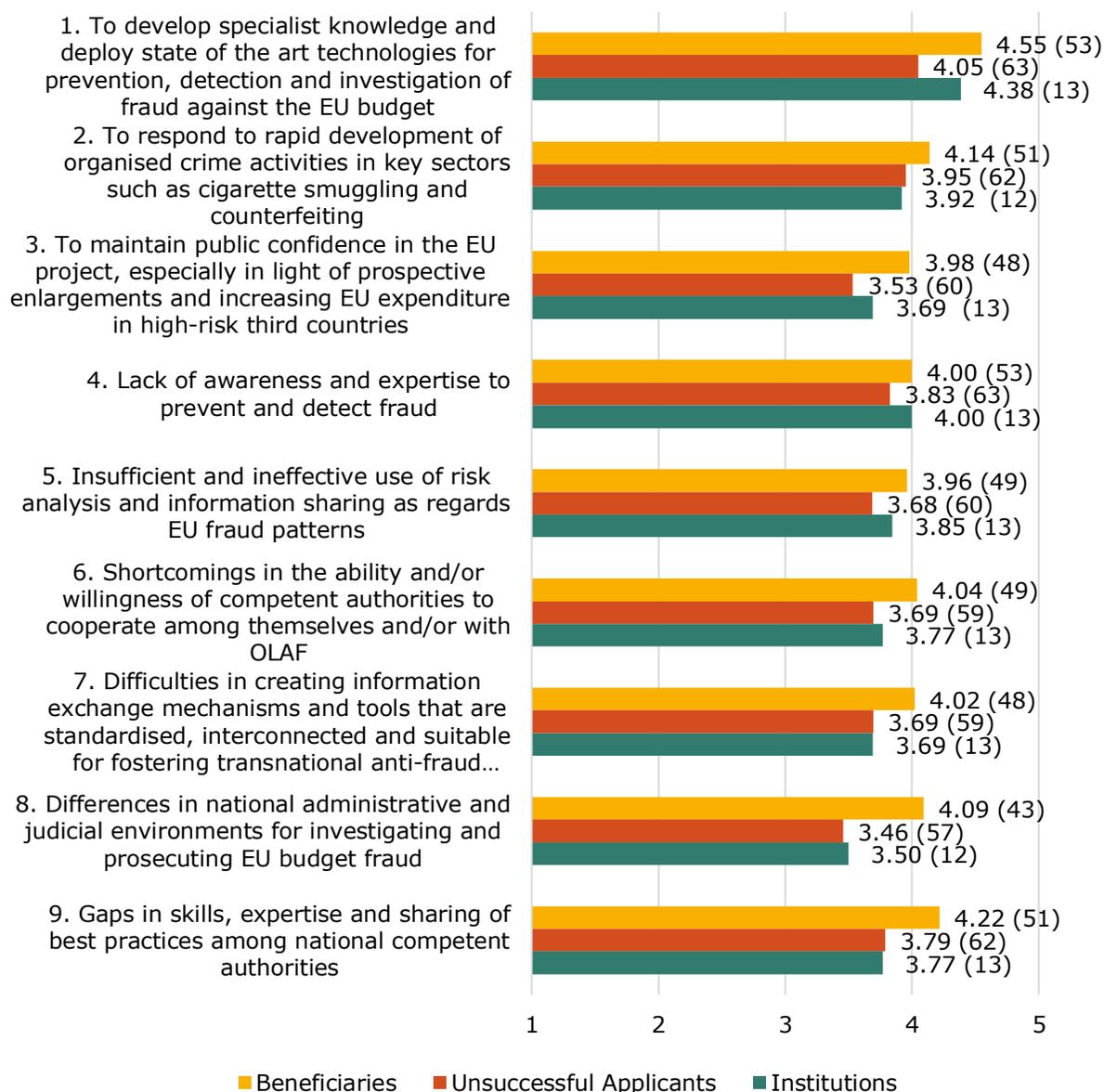
³¹ This finding is confirmed when segmenting beneficiaries and unsuccessful applicants by category of actions.

³² EU Member States are required to designate an AFCOS in accordance with Article 3(4) of Regulation 883/2013 to facilitate effective cooperation and exchange of information, including information of an operational nature, with OLAF.

³³ These suggestions were provided by a limited number of consulted stakeholders and do not constitute statistically representative findings.

which the Hercule III Programme was based is still prominent, thus justifying the Commission's intervention in the field and confirming the relevance of the Programme. In addition, **corruption and VAT gaps are growing problems affecting the PFI, which should become more central in the Programme.** Nonetheless, it is worth remarking that few systematic and harmonised data sources are available to measure the size of fraud and corruption against the PFI; the paucity of reliable indicators makes quite difficult to gauge Programme objectives.

Figure 8. Do you believe that addressing these challenges will help protect the PFI? (Average evaluation; number of respondents)



Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

Note: Number of informed respondents in brackets. Differences in number of respondents across dimensions are due to respondents selecting the "Do not know/No opinion" or "Not Applicable" answer. For population coverage, please see Table 2.

Source: Authors' elaboration on online survey and interviews with institutions, beneficiaries and unsuccessful applicants.

5.2 EQ2: To what extent have the activities of the Hercule III Programme proven to be relevant for achieving its operational and specific objectives?

As detailed in the Evaluation Framework (see Chapter 2), this EQ is addressed by assessing the degree of alignment between actions and objectives of the Programme. Objectives of the Hercule III Programme are listed in Annex A; actions eligible for funding are presented in Annex A. It is worth stressing that the assessment of the relevance criterion requires focusing on eligible actions, i.e. types of actions potentially funded by the Programme, rather than actions that were actually funded. Contribution of funded actions to the Programme's objectives is at the core of the assessment of the effectiveness criterion (Chapter 7).

Whereas, on average, **all categories of consulted stakeholders concur that Hercule III activities are relevant to the achievement of the objectives of the Programme**, the following differences across the three categories of respondents can be detected (Figure 9):³⁴

- The majority of **beneficiaries** consulted for this Assignment believe that all actions contribute either to a great or to the fullest extent to the specific and operational objectives of the Programme. Nonetheless, according to beneficiaries, some actions seem to be less relevant than others in achieving the Programme's objectives, e.g. i) *"purchase of services to carry out chemical analysis of samples from tobacco and cigarette seizures"*, ii) *"purchase of services to store and destroy seized cigarettes and other counterfeit goods"*, iii) *"funding of scientific publications and dissemination activities among the judiciary and other branches of the legal profession"*, vi) *"centralised procurement of access to databases"* and v) *"funding of research activities and studies in the field of comparative law"*.
- **Unsuccessful applicants** confirm the relevance of all the funded actions to a high or to the fullest extent, except for *"funding of scientific publications and dissemination activities among the judiciary and other branches of the legal profession"* and *"procurement of studies in the field of protection of EU financial interests"* for which about one-third of informed respondents estimate a contribution to the achievement of the Programme's objective "to some

³⁴ This general conclusion is confirmed when segmenting beneficiaries and unsuccessful applicants by category of action; yet some differences are also experienced across these categories of stakeholders. More specifically, for beneficiaries and unsuccessful applicants of AFT actions, *"funding of research activities and studies in the field of comparative law"* is the less relevant action, followed by *"purchase of services to carry out chemical analysis of samples from tobacco and cigarette seizures"* and *"procurement of studies in the field of protection of EU financial interests"*. For beneficiaries and unsuccessful applicants of LTS actions, *"purchase of services to carry out chemical analysis of samples from tobacco and cigarette seizures"* is the less relevant action (scoring slightly below 3 out of 5), followed by *"purchase of services to store and destroy seized cigarettes and other counterfeit goods"* and *"purchase and maintenance of systems for recognition of number plates"*. Finally, for beneficiaries and unsuccessful applicants of TA actions *"funding of scientific publications and dissemination activities among the judiciary and other branches of the legal profession"* is the less relevant action, followed by *"funding of conferences, seminars and workshops in the legal field"* and *"funding of research activities and studies in the field of comparative law"*.

extent". In the same vein, according to the unsuccessful applicants, "*funding of conferences, seminars and workshops in the legal field*", "*funding of research activities and studies in the field of comparative law*", and "*purchase of services to carry out chemical analysis of samples from tobacco and cigarette seizures*" appear to be relatively less relevant than other actions when it comes to contributing to Hercule III objectives.

- Finally, **EU and national institutions** interviewed for this Assignment show a positive appreciation of the alignment between actions and objectives of the programme. They confirm that most of the actions contribute to either a high or to the fullest extent to the achievement of the Programme's objective. A few exceptions are represented by: i) "*funding of scientific publications and dissemination activities among the judiciary and other branches of the legal profession*"; ii) "*funding of research activities and studies in the field of comparative law*"; iii) "*purchase of services to store and destroy seized cigarettes and other counterfeit goods*"; iv) "*purchase of services to carry out chemical analysis of samples from tobacco and cigarette seizures*. The latter actions are deemed to contribute "*to some extent*" to the PFI by most of the institutional stakeholders.

Stakeholders consulted for this Assignment suggested some additional actions that may contribute to the PFI and are currently not adequately addressed by Hercule III.³⁵ Such actions include: i) training on big data analysis; ii) development and implementation of new methods and tools for detecting and analysing digital evidence; iii) research in the field of digital forensics; iv) multidisciplinary research into determinants of financial transgression against EU PFI to foster fraud prevention; and v) risk analysis and profiling of passengers to enhance detection of smuggled items. Nonetheless, some stakeholders emphasised the need to streamline the number of eligible actions, to avoid dispersion of funds on too many activities and ensure that MS authorities are equipped with state-of-the-art technologies and knowledge in the areas most relevant to the PFI. In this respect, according to some institutional stakeholders, a prominent role should be played by centralised procurement of equipment; in fact, this is expected to reduce costs for national authorities (both searching costs to find the most adequate equipment and purchasing costs thanks to volume discount) and ensure cross-border interoperability of such equipment.³⁶

The alignment between eligible actions and the Programme's objectives is ensured by a specific award criterion examined by the Evaluation Committee appointed by the Commission to select Hercule III actions (Box 1). In fact, all calls for proposals for AFT, LTS and TA actions³⁷ emphasise that "*the actions for which*

³⁵ These suggestions were provided by a limited number of consulted stakeholders and do not constitute statistically representative findings.

³⁶ In addition, some stakeholders have stressed that, in some MS, offices of the public administration face prominent administrative obstacles when applying for funding; by contrast, they would incur fewer obstacles to apply for the use of equipment purchased by the Commission.

³⁷ For further details, see "Hercule III Programme 2014-2020 - Call for Proposals – 2016 – Technical Specifications": i) Technical Assistance for the Fight Against EU-Fraud, available at:

a grant is given must ensure compliance with the objectives of the Programme and the applicant has to demonstrate how the action it proposes will contribute to the achievement of the general, specific and operational objectives of the Programme". In this context, according to the award criterion #2 ("*Conformity with the Operational Objectives of the Hercule III programme*"), the Evaluation Committee is called on to assess the "*conformity of the aims of the action to one or more of the operational objectives [...], the relevance of the issues addressed by the project as well as complementarity with other Union activities*".³⁸ The criterion is worth up to 20 points out of a theoretical maximum score of 100 (20%); proposals that score fewer than 10 points for this award criterion are discarded. In this respect, all applicants are called on to provide a description of the proposed action reflecting its conformity with one or more of the operational objectives of the Programme.³⁹ In addition, in the Final Technical Reports, beneficiaries of all categories of actions are required to include a description of how the action they have performed contributed to the PFI.⁴⁰

Finally, **the alignment between eligible actions and Programme objectives is further corroborated by the review of documentary evidence** (application forms and available reporting documents) carried out to assess the effectiveness criterion (Chapter 7). All funded actions contributed to the general and specific objectives of the Programme. When it comes to operational objectives, the "enhancement of transnational and multidisciplinary cooperation" as well as the "facilitation of the exchange of information, experience and best practices" are mainly achieved via AFT and LTS actions (Table 8 in Chapter 7). By contrast, the "provision of technical and operational support" and the "reduction of the development of the illegal economy" are chiefly achieved via TA actions. Finally, the "promotion of comparative law analysis and academic analysis of strategic issues" appears to be targeted only by LTS actions.

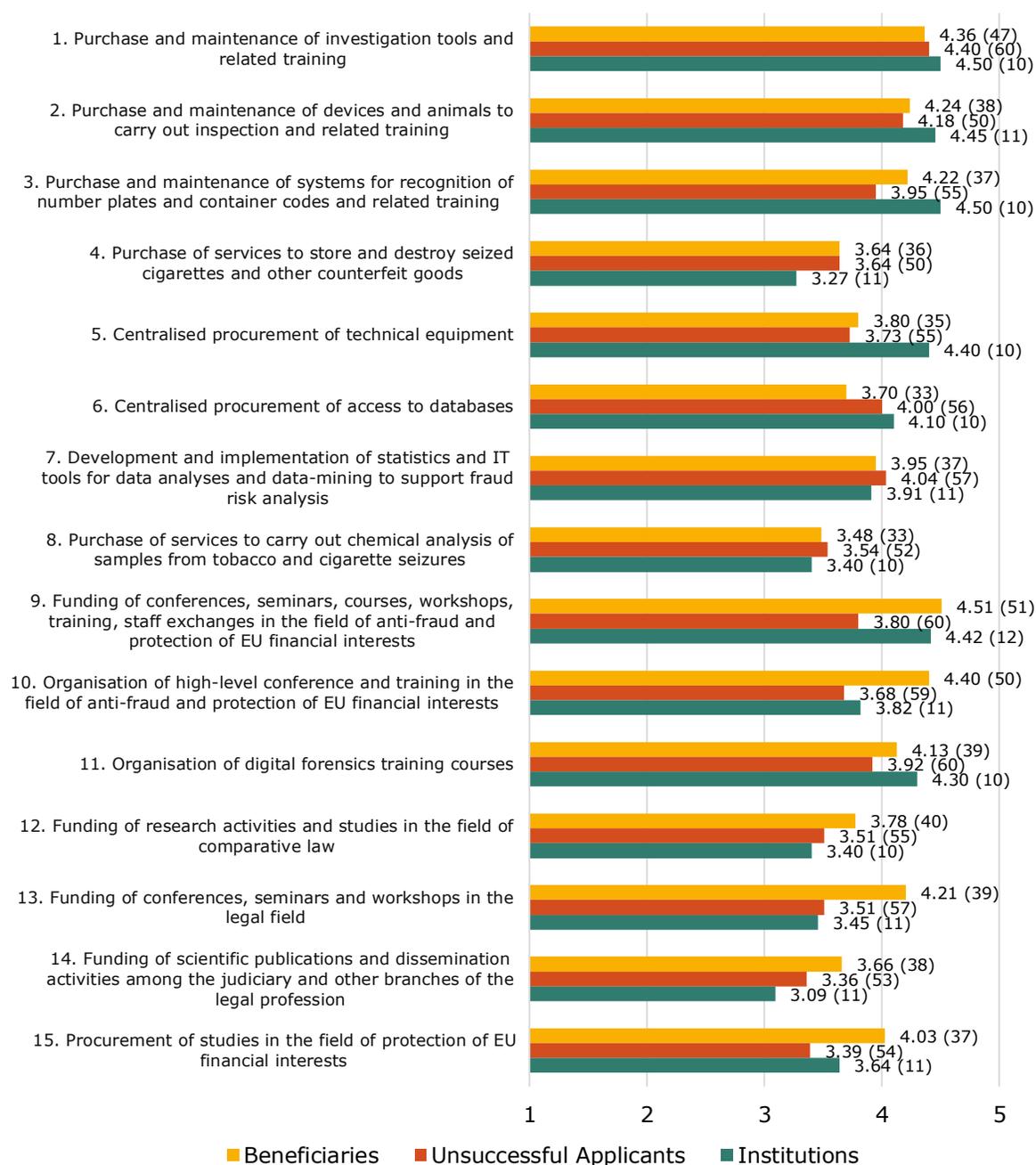
https://ec.europa.eu/anti-fraud/sites/antifraud/files/ta1_specifications_call_2016_en.pdf; Anti-fraud Training, available at https://ec.europa.eu/anti-fraud/sites/antifraud/files/training_specifications_2016_en.pdf; and iii) Legal Training and Studies, available at: https://ec.europa.eu/anti-fraud/sites/antifraud/files/legal_call_for_proposals_2016_en.pdf.

³⁸ In calls for proposals for TA actions, the alignment with the general and specific objectives of the Programme is covered by the award criterion #1 ("Added value"; see Annex I for further details with regard to this award criterion).

³⁹ See, for instance, for TA actions: "Hercule III Programme 2014-2020 - Call for Proposals – 2016 - Technical Assistance for the Fight Against EU-Fraud - Application Form", available at: https://ec.europa.eu/anti-fraud/sites/antifraud/files/ta2_application_form_call_2016_en.doc; and "Hercule III Programme 2014-2020 - Call for Proposals – 2016 - Technical Assistance for the Fight Against EU-Fraud – Guidelines for the Application Form", available at: https://ec.europa.eu/anti-fraud/sites/antifraud/files/ta3_guidelines_call_2016_en.pdf.

⁴⁰ See, for instance, for TA actions: "Technical Implementation Reports and Financial Statements to be submitted", available at: https://ec.europa.eu/anti-fraud/sites/antifraud/files/ta5_template_annex_iv_en.pdf.

Figure 9. To what extent does each type of action funded by the Programme contribute to the achievement of the Programme’s objectives? (Average evaluation; number of respondents)



Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

Note: Number of informed respondents in brackets. Differences in number of respondents across dimensions are due to respondents selecting the "Do not know/No opinion" or "Not Applicable" answer. For population coverage, please see Table 2.

Source: Authors' elaboration on online survey and interviews with institutions, beneficiaries and unsuccessful applicants.

5.3 Operational conclusions

The Assignment confirms the relevance of the Hercule III Programme. More specifically, the rationale underlying the Programme is still appropriate and **no special adjustment is required** to account for current problems affecting the financial interests of the EU. This conclusion is supported by feedback from the majority of consulted stakeholders as well as by the review of documentary evidence (application forms and available reporting documents) and official statistics on reported irregularities and fraud to the detriment of the EU budget.

Suggestions provided by consulted stakeholders, however, could be taken into account to further improve the relevance of the Programme. Such suggestions can be divided into two groups:

- Suggestions that, to some extent, could be implemented to further improve the relevance of the current edition of the Programme. This group covers the funding of additional actions that may contribute to the PFI and are currently not adequately funded by the Programme (see Section 5.2).
- Suggestions that could be considered when preparing the next edition of the Programme. This group includes both problems affecting the PFI which were not considered in the IA of Hercule III (see Section 5.1.1) and additional operational objectives that could be targeted to better achieve the general and specific objectives of the Programme (see Section 5.1.2). In addition, available statistics indicate growing trends in VAT gap and corruption, which could become more central in the Programme.

It is worth remarking, however, that these suggestions were provided by a limited number of consulted stakeholders and do not constitute statistically representative findings. Hence, their ultimate impact on the Programme's relevance should be further investigated.

6 COHERENCE

HIGHLIGHTS

- Between 2014 and 2016, about 80% of the commitments were directed to TA actions, some 20% to AFT and LTS actions, a marginal share to other actions. The budget allocation is therefore fully compliant with the indicative allocation of funds between actions established by the Regulation, thus ensuring a certain degree of internal coherence.
- While three-quarters of the budget was invested via grant agreements, one-quarter aimed to procure events, training, services and studies. This budget distribution further supports the internal coherence of the Programme insofar as it ensures the right balance between meeting stakeholders' requests and ensuring that some actions that are particularly relevant to the PFI are performed irrespective of grant applications.
- Only a limited number of national institutions interviewed for this Assignment were familiar with other EU-funded programmes. In the same vein, only a small share of beneficiaries and unsuccessful applicants submitted applications to other EU programmes for similar or complementary actions. These findings seem to indicate that the room for synergies and overlaps between programmes is limited. At any rate, most of the consulted stakeholders that had some experience with other EU-funded programmes detected more synergies than overlaps.
- The legal foundations of all other programmes appear to generate some synergies with Hercule III; yet there is some risk of overlaps with regard to targeted entities and actions.
- Whereas each programme pursues very different general objectives, interactions can be detected between specific and operational objectives. In particular, the specific objectives of Customs 2020, Fiscalis 2020 and ISF (Police) appear to interact with preventing and combatting fraud.
- Both formal and informal mechanisms are in place across Commission DGs to avoid overlaps and ensure synergies between EU-funded programmes. In fact, Annual Work Programmes are subject to inter-service consultation; this mechanism works very well when it comes to avoiding overlaps. Synergies are better ensured by informal coordination at the operational level.

Article 13.2(a) of the Regulation requires assessing "*the internal and external coherence of the Programme*", i.e. **whether actions funded by Hercule III are coherent with each other and with other EU-funded programmes**. To answer the EQ addressing the coherence criterion, a mix of primary and secondary data is required. More specifically, information provided by EU and national institutions, beneficiaries of the Programme and unsuccessful applicants are complemented with information retrieved from the regulations establishing relevant EU programmes as well as their Annual Work Programmes.

6.1 EQ3. What are the synergies between and within the different types of actions under the Programme and with other EU supported measures, programmes and actions, such as Customs 2020 or Fiscalis 2020?

In line with the Evaluation Framework (Chapter 2), this EQ is addressed by assessing the degree of coherence between actions funded by the Programme (“internal coherence”) as well as the degree of coherence between the Programme and other EU-supported measures operating in similar areas (“external coherence”), i.e. Customs 2020, Fiscalis 2020, Internal Security Fund (Police) and the Justice Programme.

6.1.1 Internal coherence

The internal coherence of the Programme is chiefly ensured by compliance with Article 9.2 of the Regulation and its Annex that set out the indicative allocation of funds to eligible actions: at least 70% of the total Hercule III budget should be allotted to TA actions, no more than 25% to AFT and LTS actions, no more than 5% to any other action which is necessary to attain the objectives of the Programme.⁴¹ In this respect, between 2014 and 2016, about 80% of the commitments were directed to TA actions, some 20% to AFT and LTS actions, a marginal share to other actions (Figure 4, Chapter 4); **the current budget allocation is therefore fully compliant with the Regulation and ensures the degree of internal coherence among different categories of actions expected by the legislator.**⁴²

While three-quarters of the budget was invested via grant agreements, one-quarter aimed to procure events, training, services and studies. This distribution appears to further support the internal coherence of the Programme insofar as **it ensures the right balance between meeting stakeholders’ requests and ensuring that some actions which are particularly relevant to the PFI** (high-level conferences, digital forensics courses, databases for risk analysis, etc.) **are performed irrespective of grant applications.** For instance, digital forensics training courses procured by Hercule III seem to provide a major contribution to the internal coherence of the Programme if one considers that many TA grants funded hardware and software for digital forensics; therefore, the digital forensics training helps make the most of such tools. In the same vein, high-level conferences arranged by OLAF ensure that some key topics for the PFI (e.g. fight against cigarette smuggling, communication activities on fraud prevention, fraud in structural funds, cooperation in anti-fraud activities) are discussed and coordinated at the EU level by relevant authorities from all MS; this allows a coherent approach to the PFI across MS, irrespective of the specific actions for which national authorities decide to apply for.

⁴¹ Hercule III places greater emphasis on TA actions compared to Hercule II where at least 60% of the budget was directed to this category of actions.

⁴² Therefore, no adjustment to the budget allocation is required in the second phase of the Programme.

With regard to actions co-financed by grants, data provided by consulted beneficiaries and confirmed by the analysis of documentary evidence showed that more than 50% of the TA budget in 2014 and 2015 was allotted for “*devices and animals to carry out inspections*”, about 30% for “*investigation tools*”, 15% for “*systems for recognition of number plates and container codes*” and about 2% for “*services to store and destroy seized cigarettes and other counterfeit goods*” (Section 7.1.2.2.2). Whereas the distribution of the TA budget across different types of actions may suggest some imbalance, it reflects the number and quality of grant applications.⁴³ For instance, stakeholders’ appetite for “*services to store and destroy seized cigarettes and other counterfeit goods*” appears to be very limited, as only one application was submitted to fund this type of action;⁴⁴ this limited interest of beneficiaries in accessing such services should be considered when preparing the new edition of the Programme. AFT and LTS budgets allowed funding for a large variety of events (e.g. conferences, working groups, seminars, e-learning courses, training courses, etc.; Table 9) that covered numerous topics relevant to the PFI (Figure 42). The most common topics (i.e. “*tobacco smuggling and counterfeit goods*”, “*technical training*” such as the use of x-ray scanners and other technical equipment to combat fraud, and “*customs fraud*”) appear to be complementary to the topic of actions funded under TA grants, thus increasing the internal coherence of the Programme.

In addition, **calls for proposals for TA actions include a specific mechanism to reinforce the coherence of the Programme by placing emphasis on the EU external border, the most exposed MS and the most critical areas.** In fact, the maximum co-financed rate can be exceptionally raised from 80% to 90% for very specific actions satisfying at least two of the following criteria: i) taking place at an external EU border (especially the EU’s eastern border); ii) taking place at the most vulnerable locations (as regards seizures of cigarettes and tobacco); iii) reflecting the results of the Eurobarometer survey of citizens’ attitudes to counterfeited, smuggled cigarettes and “cheap whites”⁴⁵; and vi) reflecting the findings of the 2014 annual report on implementation of Article 325 TFEU on combatting fraud (e.g. as regards the number of cases of smuggled cigarettes reported and the estimated traditional own resources involved).

6.1.2 External coherence

Interviewees from EU and national institutions were asked to identify synergies and overlaps between the Hercule III Programme and other EU-funded programmes they

⁴³ The Evaluation Committee compares all the TA proposals based on eligibility, exclusion, selection and award criteria (Box 1) and selects the best proposals, irrespective of the type of action covered by the proposal. Therefore, the fact that more than 50% of the TA budget was allotted for “*devices and animals to carry out inspections*” can be explained by two non-alternative reasons: i) a larger number of applications was received for this type of action; ii) the applications received for this type of action ranked higher than applications received for other types of actions.

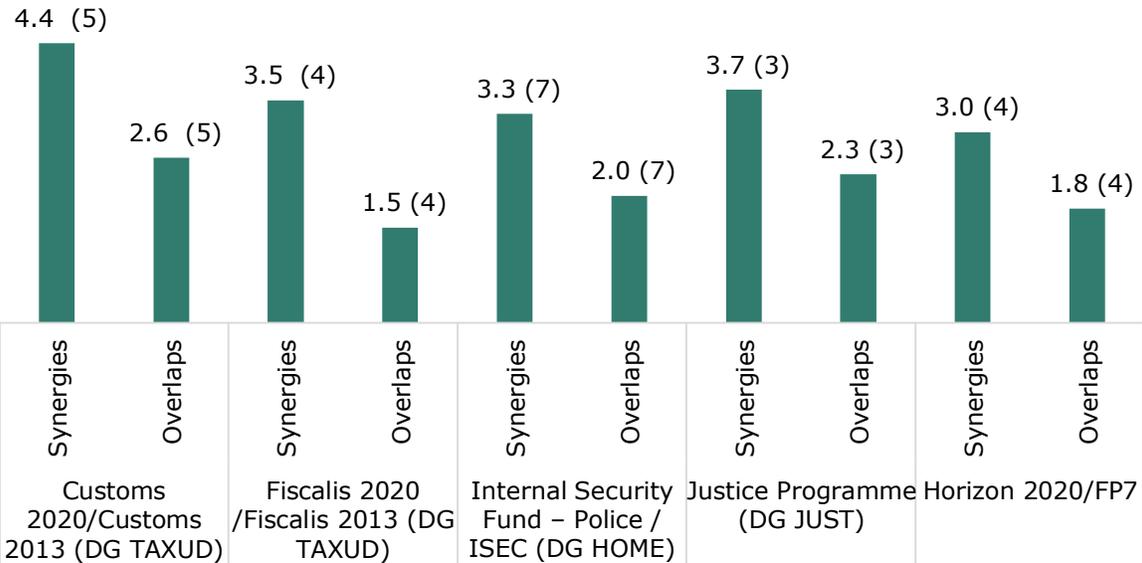
⁴⁴ This conclusion is based on the analysis of the titles of all TA applications submitted between 2014 and 2015.

⁴⁵ “Cheap whites” concern cigarettes that may be legally produced but are then smuggled and traded illegally.

were familiar with. Against this background, synergies (especially with the Customs 2020 programme) scored better than overlaps (Figure 10). For instance, when it comes to complementarity between Customs 2020 and Hercule III, whereas Customs 2020 funds cooperation and support activities that are beneficial to customs authorities in order to protect the financial and economic interests of the Union, it does not fund customs equipment; therefore, national customs authorities resort to Hercule III in order to purchase equipment contributing to the PFI.

At any rate, it is worth emphasising that only a limited number of interviewees were familiar with the five selected programmes. These findings suggest that **room for both synergies and overlaps between programmes is generally limited**. This is particularly true if one considers that all nine representatives of national institutions interviewed for this Assignment were leading experts in the PFI; yet, only one interviewee was familiar with the Justice Programme, two with Customs 2020/2013, Fiscalis 2020/2013 and Horizon 2020/FP7, and five with the Internal Security Fund (Police)/ISEC programme.⁴⁶ Hence, it is expected that the programme managed by DG HOME is the main one generating potential synergies or overlaps with Hercule III.

Figure 10. To what extent does the Programme have synergies and/or overlaps with other EU-funded programmes (you are familiar with)? (Average evaluation; number of respondents)



Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

Note: Number of informed respondents in brackets. Differences in number of respondents across dimensions are due to respondents selecting the "Do not know/No opinion" or "Not Applicable" answer.

Source: Authors' elaboration on interviews with institutions.

⁴⁶ Remaining respondents represented EU institutions.

Feedback from institutions is entirely aligned with that from consulted beneficiaries. First, only a small share of beneficiaries applied to other EU programmes: while 21% of consulted beneficiaries applied for funding from another EU programme for an action similar to the one covered by the application submitted to the Hercule III Programme, 11% applied under another EU programme for funding of a complementary action to the one co-financed by Hercule III.⁴⁷ Second, **most of the applications for both similar and complementary actions were submitted to the Internal Security Fund (Police)/ISEC managed by DG HOME**, followed by the Justice Programme managed by DG JUST. On average, respondents detected high synergies and limited overlaps between the applications they submitted to another EU programme and the actions funded by Hercule III (Table 7).

Table 7 Synergies and overlaps between Hercule III and other EU-funded programmes

Type of action	Respondents applying to other EU programmes	To what extent there are synergies between the two actions?	To what extent there are overlaps between the two actions?
Similar actions	12	3.92	2.58
Complementary actions	6	4.60	2.00

Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

Source: Authors' elaboration on online survey and interviews with beneficiaries.

When applying to the Hercule III Programme, applicants are requested to disclose all EU grants, procurement contracts or loans obtained directly or indirectly from a European institution or agency in the three years before the submission. Therefore, the review of the 79 application forms submitted by successful beneficiaries allowed for validating feedback from consulted beneficiaries. About 50% of the application forms included reference to funds obtained from EU programmes other than Hercule. Reported funds were provided by a large variety of sources and include all EU grants, procurement contracts or loans obtained directly or indirectly from a European institution or agency; therefore, such funds covered also actions that are not related to actions funded by the Hercule III Programme. When focusing on the EU programmes listed in Figure 10 (which are more likely to fund actions similar or complementary to the one funded by Hercule III), whereas about 20% of the applicants confirmed having received funds from DG HOME (either via the Internal

⁴⁷ Several bodies that are beneficiaries of the Hercule III Programme also submitted applications to other EU programmes. This is due to two main reasons: i) different EU programmes fund different eligible actions which can all be interesting for customs authorities, law enforcement authorities and other bodies active in the PFI; ii) lack of national funds for activities in the field of PFI in many MS provides incentives to seek all possible sources of EU funds.

Security Fund or, in previous years, the ISEC or External Borders Fund), the role played by DG JUST and DG TAXUD appeared to be marginal. These results are aligned with data provided by consulted beneficiaries.

Similar conclusions can be drawn from responses provided by unsuccessful applicants. The limited room for synergies and overlaps is confirmed by the fact that out of the 69 unsuccessful applicants surveyed for this Assignment, only two respondents applied for funding from another EU programme for an action similar to the one covered by the application submitted to the Hercule III Programme. One of these two respondents also requested EU funds for an action complementary to the one submitted to Hercule III. The three applications were all submitted to the Internal Security Fund (Police)/ISEC Programme managed by DG HOME. On average, respondents identified important synergies and limited overlaps between these applications and those submitted to the Hercule III Programme.

Against this background, interviews with EU institutions emphasised that **both formal and informal mechanisms are in place across Commission DGs to avoid overlaps and ensure synergies between EU-funded programmes**. First, all Annual Work Programmes, which identify the type of actions eligible for funding, are subject to inter-service consultation. More specifically, each DG is called on to approve all the relevant work programmes.⁴⁸ Reportedly, this mechanism works quite well when it comes to avoiding overlaps, as each DG carefully reviews the Annual Work Programmes to avoid having more than one programme funding the same actions. The mechanism performs less well with regard to synergies. Some stakeholders explained that more could be done when drafting calls for proposals and, more important, when awarding grants. Nonetheless, involving all relevant Commission services in these phases could inflate the workload and generate major delays in the functioning of the programmes, with a negative balance between increased benefits from synergies and additional administrative burdens. Other stakeholders stressed that synergies are ensured by informal coordination at the operational level. For instance, when drafting the Annual Work Programme, an informal consultation of the main stakeholders within OLAF ensures consideration of the requirements of OLAF's partners, as identified during joint operations and informal exchanges between OLAF's staff and other officials from EU and national institutions. Meetings of the Customs Cooperation Working Party,⁴⁹ which typically involve representatives of DG TAXUD and OLAF, provide managers of the programmes with opportunities to informally exchange information, thus reducing

⁴⁸ Officials involved in the inter-service consultation are also called on to review Annual Implementation Reports to check *ex post* consistency between these documents and the Annual Work Programmes. In addition, they participate in the ISG of mid-term and final evaluations of all programmes.

⁴⁹ "The Customs Cooperation Working Party handles work regarding operational cooperation among national customs administrations and with a view to increasing their enforcement capabilities." For further details see: <http://www.consilium.europa.eu/en/council-eu/preparatory-bodies/customs-cooperation-working-party/>.

potential overlaps and ensuring synergies across programmes.⁵⁰ Informal coordination is also common when working with JRC, which implements (via administrative arrangements) actions funded by Hercule III, Internal Security Fund (Police) and Fiscalis 2020.

The comparison across programmes provided in Annex J shows that the legal foundations of all other programmes appear to generate some synergies with Hercule III. In fact, the PFI may be positively affected by strengthening customs operations (Customs 2020), improving MS administrative capacity to implement Union law (Fiscalis 2020), developing judicial cooperation in civil and criminal matters (ISF police and Justice), promoting and supporting MS actions in the field of crime prevention and establishing cooperation among law enforcement services (ISF Police). Nevertheless, there is some risk of overlaps when it comes to targeted entities (e.g. police, customs, judicial staff, etc.) and actions (e.g. training of staff, exchange of information and best practices, etc.).

6.2 Operational conclusions

The Programme performs well in terms of internal coherence. Nevertheless, a very limited share of the budget is allotted to “*services to store and destroy seized cigarettes and other counterfeit goods*”, which is one of the four specific actions under the TA heading. Rather than revealing problems of internal coherence, this finding emphasises the limited appetite of beneficiaries for this type of action (only one relevant application was submitted in 2014 and 2015). This conclusion should be taken into account when drafting the list of eligible actions for the new edition of the Programme. On a separate note, it is recommended that the Programme rely on the share of budget allotted to procurement contracts to fund actions that are: i) relevant to the PFI; ii) coherent with actions funded by grants; and iii) not otherwise funded via grant agreements.

With regard to **external coherence**, the current formal mechanisms of coordination among Commission services **avoid overlaps but appear to be less effective when it comes to creating synergies**, which are mainly ensured via informal coordination at the operational level. Nonetheless, any new formal procedures aiming to boost synergies should avoid inflating the Commission workload and generating delays in the functioning of the programmes. With specific regard to the Hercule III Programme, it has been suggested (see Section 5.3) that more emphasis be placed on corruption and VAT fraud, which are growing concerns for the PFI. In this respect, important synergies could be created with the programmes managed by Customs 2020 and Fiscalis 2020 (when it comes VAT) and ISF Police (when it comes to corruption).

⁵⁰ For instance, officials from DG TAXUD and OLAF cooperated to avoid duplication in reporting obligations concerning cigarette seizures, which were due both for customs purposes and for the Anti-Fraud Information System managed by OLAF.

7 EFFECTIVENESS

HIGHLIGHTS

- The actions co-financed by Hercule III grants contributed to the achievement of the general, specific and operational objectives of the Programme.
- More than 80 events were arranged under AFT and LTS actions. These events covered topical issues in the field of PFI, thus contributing to the alignment between expected and actual outputs of the Programme.
- Also for TA actions, the actual outputs appear to be aligned with expected outputs. The largest share of the budget was directed to *“devices and animals to carry out inspections”*, followed by *“investigation tools”*, and *“systems for recognition of number plates and container codes”*.
- The large majority of beneficiaries stated that actions funded by the Hercule III Programme yielded results that are generally aligned with the Programme’s expected outcomes.
- Outcome indicators measured for both AFT and LTS actions confirm the alignment between actual and expected outcomes of the Programme. This conclusion is further corroborated by feedback from participants in events funded by Hercule III grants. AFT and LTS events were attended by more than 3,500 participants. Most of participants confirmed that such events provided a major contribution to the achievement of the expected outcomes of the Programme.
- Most beneficiaries of TA actions were not in the position of providing outcome indicators; therefore, it is not possible to draw conclusions with specific regard to outcomes of TA actions funded via grants. Nonetheless, users of services procured by Hercule III emphasised the effectiveness of these actions when it comes to the achievement of expected outcomes.
- At this stage, it is not possible to measure the long-term impacts of the Programme. Nonetheless, key indicators concerning the PFI show a growing number of irregularities on the expenditure side of the EU budget and a reduction of irregularities on the revenue side. Whereas it is not possible to establish a causal link between the Hercule III Programme and such trends, it is apparent that more should be done on the expenditure side, which is an area where the Programme is doing relatively less.
- Many external factors play a role in the achievement of the Hercule III Programme objectives; the ability of fraudsters to *“adapt quickly to new circumstances at the EU level, operate cross-border and exploit the weakest points in the external borders”* is the most important. Such external factors tend to harm the PFI and require continued efforts by national authorities to combat and prevent fraud. These efforts are supported, as much as possible, by Hercule III actions.

In line with Article 13.2(a) of the Regulation, the mid-term evaluation includes the assessment of the Programme's effectiveness. This evaluation criterion aims to **evaluate the extent to which the programme has attained its objectives and generated the expected results**. To deal with the two EQ covered by the effectiveness criterion, the present Chapter relies on a mix of primary and secondary information. Primary information relevant to the criterion has been collected via semi-structured interviews (with EU and national institutions as well as with beneficiaries of Hercule III grants) and online surveys (with beneficiaries, participants in events and users of services procured by the Programme). Secondary information has been mainly retrieved from Annual Implementation Reports, calls for proposals as well as application forms and available reporting documents.

7.1 EQ4: To what extent have the overall intervention logic/strategy of the programme and the actions contributed to the achievement of the objectives of the Hercule III Programme?

Based on the Evaluation Framework detailed in Chapter 2 and in line with the Better Regulation Guidelines,⁵¹ EQ4 entails the assessment of the alignment between objectives, expected results and actual results of the Programme. Therefore, in what follows, contribution of funded actions to the achievement of the Programme's objectives was evaluated first, followed by the contribution of such actions to the achievement of the expected results of the Hercule III Programme. The objectives of the Programme and its expected results are presented in Annex A. It is worth reiterating that the assessment of the effectiveness criterion requires a focus on actions that have already been funded by Hercule III (i.e. on the actual results of the Programme) rather than on eligible actions that can be theoretically funded in the future. The contribution of eligible actions to the Programme's objectives is part of the assessment of the relevance criterion (Chapter 5).

7.1.1 Contribution of funded actions to the achievement of the Programme's objectives

Stakeholders consulted for this Assignment unanimously agree that the actions funded so far contributed to the achievement of the general, specific and operational objectives of the Programme. On average, beneficiaries' perception of the Programme's effectiveness in achieving its objectives is more positive than institutions' perceptions; nonetheless, replies by the two categories of stakeholders follow very similar patterns (Figure 11). More specifically, most of informed beneficiaries⁵² stated that the actions funded by Hercule III contributed either to a high extent or to the fullest possible extent to the achievement of all the objectives of the Programme. Nonetheless, based on beneficiaries' feedback, relatively more can be done to reduce "*the development of an illegal economy in key*

⁵¹ European Commission, *Better Regulation Guidelines*, 19 May 2015, available at: http://ec.europa.eu/smart-regulation/guidelines/docs/swd_br_guidelines_en.pdf.

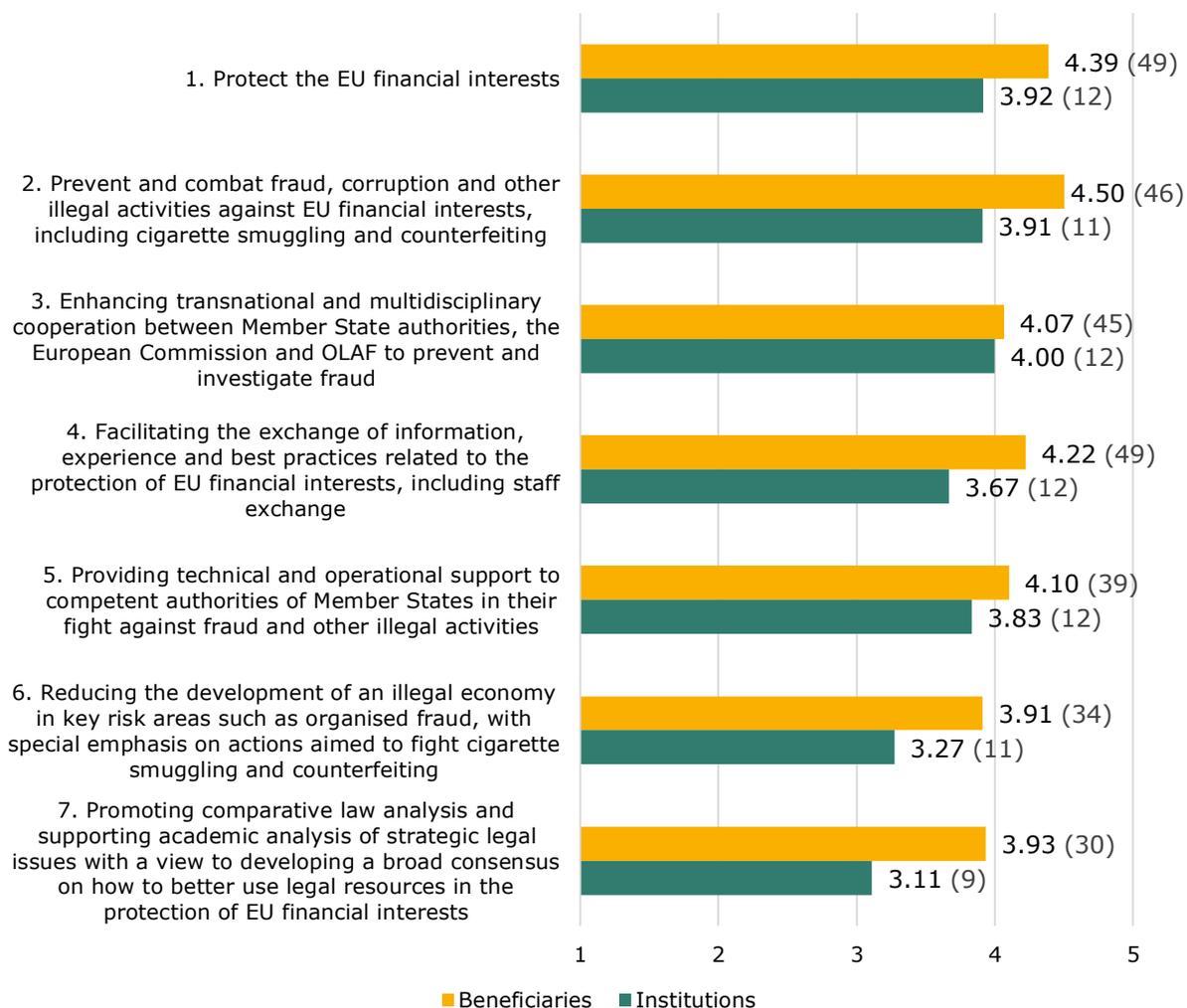
⁵² These exclude respondents that selected the "Do not know/No opinion" or "Not Applicable" answer.

risk areas” and, more important, to promote “*comparative law analysis and [...] academic analysis of strategic legal issues*”.⁵³ Similarly, a majority of EU and national institutions interviewed for this Assignment confirmed the Programme’s contribution to the achievement of most of the objectives either to a high extent or to the fullest extent; the only exception is represented by “*promoting comparative law analysis and supporting academic analysis of strategic legal issues*” for which more than one-quarter of the informed respondents identified a limited contribution by the Programme. Nonetheless, it is worth remarking that, regardless of the type of stakeholder, “*promoting comparative law analysis and supporting academic analysis of strategic legal issues with a view to developing a broad consensus on how to better use legal resources in the protection of EU financial interests*” is the operational objective contributing the least to the PFI (see Section 5.1.1 on alignment between general, specific and operational objectives of the Programme).⁵⁴

⁵³ The overall assessment is confirmed when segmenting beneficiaries by category of action. Nonetheless, for AFT beneficiaries, the Programme contributed the most to the achievement of “*exchange of information, experience and best practices related to the PFI*”; for LTS beneficiaries, the Programme contributed the most to “*promoting comparative law analysis and supporting academic analysis of strategic legal issues*”; for TA beneficiaries, to “*prevent and combat fraud, corruption and other illegal activities*”. These results show that respondents are more familiar with objectives that are directly connected with the actions they have arranged.

⁵⁴ The only exception is represented by beneficiaries and unsuccessful applicants of LTS actions, for which this is the operational objective contributing the most to the PFI.

Figure 11. To what extent did the action funded by the Programme contribute to the achievement of the following objectives? (Average evaluation; number of respondents)



Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

Note: Number of informed respondents in brackets. Differences in number of respondents across dimensions are due to respondents selecting the "Do not know/No opinion" or "Not Applicable" answer. For population coverage, please see Table 2.

Source: Authors' elaboration on online survey and interviews with institutions and beneficiaries.

In this context, **the alignment between funded actions and the Programme's objectives is confirmed by the review of documentary evidence** (i.e. application forms and available reporting documents).⁵⁵ More specifically, all actions

⁵⁵ The alignment between actions and objectives is ensured by the award criterion #2 ("Conformity with the Operational Objectives of the Hercule III programme") examined by the Evaluation Committee appointed by the Commission to select Hercule III actions. In this respect, beneficiaries are called to

funded by Hercule III were instrumental in protecting EU financial interests and preventing and combatting fraud, corruption and other illegal activities against the PFI. The specific contribution to the attainment of operational objectives largely depends on the category of actions, i.e. AFT, TA and LTS. At any rate, more than half of the actions also contributed to the achievement of the first four operational objectives of the Programme. “Promoting comparative law analysis and supporting academic analysis of strategic legal issues”, which scored relatively lower during the stakeholder consultation (Figure 11), is targeted by a limited number of actions (mainly LTS actions; Table 8). This is due to the nature of this operational objective, which is not targeted by TA actions (the broadest category).

Table 8. Percentage of funded actions contributing to the achievement of the Programme’s operational objectives

	AFT	LTS	TA	Total
Operational Objectives				
Enhancing transnational and multidisciplinary cooperation between MS authorities, the European Commission and OLAF to prevent and investigate fraud	76%	94%	18%	52%
Facilitating the exchange of information, experience and best practices related to the PFI, including staff exchange	96%	94%	45%	71%
Providing technical and operational support to competent authorities of MS in their fight against fraud and other illegal activities	28%	31%	100%	63%
Reducing the development of an illegal economy in key risk areas such as organised fraud, with special emphasis on actions aimed to fight cigarette smuggling and counterfeiting	40%	6%	92%	58%
Promoting comparative law analysis and supporting academic analysis of strategic legal issues with a view to developing a broad consensus on how to better use legal resources in the PFI	12%	69%	0%	18%

Note: For TA, results are based on information sourced from application forms. For LTS, 37.5% of the results are based on information sourced from application forms. For AFT, 4% of the results are based on information sourced from application forms.

Source: Authors’ elaboration on application forms and available reporting documents.

7.1.2 Contribution of funded actions to the achievement of the Programme’s expected results

The Hercule III Programme is expected to generate three categories of results: i) outputs, which are the most immediate results (i.e. the deliverables of funded actions); ii) outcomes, which are short-/medium-term changes stemming from the Programme and mainly affecting the Programme’s addressees; iii) impacts, which

describe the contribution of funded actions to the PFI when drafting reporting documents (e.g. Final Technical Reports).

are those changes affecting all of society and which the Programme is intended to yield over a longer period of time (see Annex A).

Whereas the timing of the mid-term evaluation is compliant with Article 13 of the Regulation, it does not allow for capturing most of the results of the Programme (see Section 3.2). Data limitations impinge on the assessment of both outcomes and impacts:

- **Outcomes. Thirteen out of 25 TA actions surveyed for this Assignment were still ongoing** when performing the fieldwork phase (see Annex D). In addition, also for completed actions, most of beneficiaries argued that they only recently received the devices, tools and systems co-financed by Hercule III. Hence, they were not able to provide evidence on outcome indicators (e.g. number of successful operations, number of arrests, convictions seizures, number of “hits”, etc.). In this context, limited conclusions can be drawn about the alignment between actual and expected outcomes of TA actions.
- **Impacts.** In the long-run the Hercule III Programme is expected to improve the PFI, thus ensuring the competitiveness of the European economy and the protection of taxpayers’ money, as stated in Article 3 of the Regulation. It is too early to measure these long-term impacts, especially if one considers that the first actions funded by the Programme were only implemented in 2015. The evolution of key indicators concerning the PFI, which are presented in Annex F, shows that on the expenditure side of the budget, a growing trend was registered in terms of both number of irregularities and their financial impacts between 2008 and 2016. By contrast, on the revenue side, a reduction in the number of irregularities was registered across years. Whereas it is not possible to establish a causal link between the Hercule III Programme and such results, it is apparent that **more should be done on the expenditure side of the EU budget, which is an area where the Programme is doing relatively less**. In the same vein, **growing trends in VAT gaps and corruption perception pose increasing threats to the PFI, which the Programme should tackle**. Nonetheless, it is worth remarking that few systematic and harmonised data sources are available to measure the amount of fraud and corruption against the PFI; the paucity of reliable indicators makes it quite difficult to assess the long-term impact of the Programme.

7.1.2.1 Outputs

This Section provides an overview of the main outputs generated by actions funded by Hercule III grants that were managed by beneficiaries consulted for this Assignment. In this context, it is worth recalling that respondents represent 84% of the total number of beneficiaries of AFT actions, 63% of LTS beneficiaries and 66% of beneficiaries of TA actions (Table 2). Extrapolation to estimate the overall outputs of the Programme cannot be made as actions are unique and quite different from one another. At any rate, the total outputs of the Programme certainly outnumber data presented in this Section.

7.1.2.1.1. AFT and LTS actions⁵⁶

AFT and LTS actions delivered numerous outputs and touched upon topics of interest in the field of PFI, thus ensuring alignment between expected and actual outputs. Yet more could be done when it comes to “*staff exchanges*”. In fact, consulted beneficiaries managing AFT and LTS actions have arranged no fewer than 55 events (e.g. conferences, working groups, seminars, e-learning courses, training courses, etc.) by relying on Hercule III grants; each action funded by Hercule III may fund more than one event (e.g. a series of seminars) as well several types of actions (e.g. a study followed by a conference to present the main findings). Six actions allowed for publishing either comparative law studies or periodical publications; only four actions entailed staff exchange and other forms of expertise dissemination (Table 9). These findings are aligned with those stemming from the analysis of available documentary evidence, which points at comparable numbers and confirms that most of the actions (and budget) under the AFT and LTS headings was directed to events (see Annex G).

Table 9. Type of events/actions funded by grants under AFT and LTS

Type of event/action	AFT	LTS	TOT
Conferences	12	6	18
Working groups	2	2	4
Seminars	8	4	12
Training courses	9	2	11
E-learning	1	n.a.	1
Hands-on training	2	n.a.	2
Round-tables	3	n.a.	3
Meetings	4	n.a.	4
Staff exchanges	1	n.a.	1
Disseminating Expertise	n.a.	3	3
Periodical publications	n.a.	1	1
Comparative law studies	n.a.	5	5
TOTAL	42	23	65

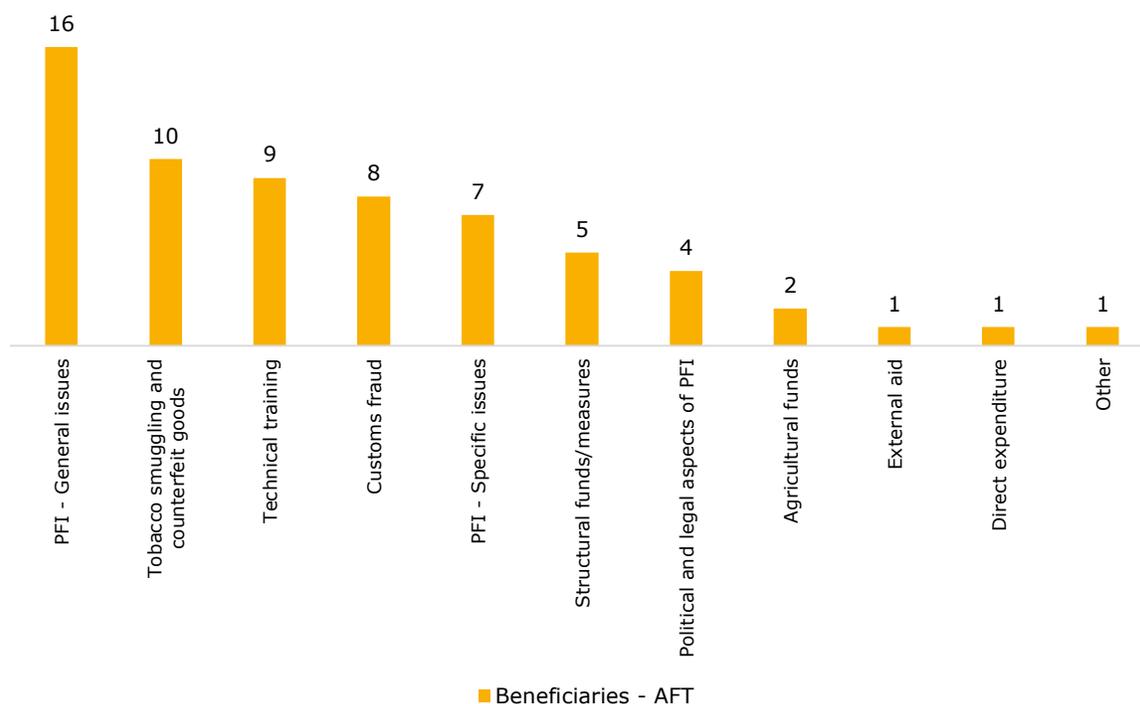
Note: N.a. stands for not applicable.

Source: Authors’ elaboration on online survey and interviews with institutions and beneficiaries.

AFT actions covered several topics relevant to the PFI and most of the actions touched upon more than one topic (Figure 12). Whereas “*general issues related to the PFI*” were discussed in the majority of the events, the debate was also quite active on “*tobacco smuggling and counterfeit goods*”, “*technical training*” such as the use of x-ray scanners and other technical equipment to combat fraud, and “*customs fraud*”.

⁵⁶ The output of AFT and LTS actions presented in this Section allow measuring the key performance indicator spelled out in Article 4(d) of the Regulation.

Figure 12. Topics covered by AFT actions (number of times the topic was covered)



Source: Authors' elaboration on online survey and interviews with institutions and beneficiaries.

7.1.2.1.2 TA actions

When it comes to TA actions, it is more complex to summarise the outputs of the Programme. In fact, very different types of actions can be funded via TA grants and each type allows for purchasing a large variety of devices, tools and systems. At any rate, as further detailed below, **for TA actions, the actual outputs are broadly aligned with expected outputs**, as Hercule III funded the purchase of numerous devices and animals, investigation tools and systems for recognition of number plates and containers. Nonetheless, the purchase of services to support MS capacity to *"store and destroy seized cigarettes"* was targeted only by one surveyed action; this may be explained by limited interest of beneficiaries in accessing such services.

Some 54% of the budget allotted to sampled beneficiaries was used to purchase *"devices and animals to carry out inspections"*, 28% to purchase *"investigation tools"*, 15% to purchase *"systems for recognition of number plates and container codes"* and about 2% to purchase *"services to store and destroy seized cigarettes and other counterfeit goods"*. These figures are largely aligned with evidence collected by analysing application forms for all successful TA actions (see Annex G). With regard to devices and animals, typical actions entailed the purchase either of anti-tobacco sniffer dogs or mobile x-ray scanners, including software and hardware enabling the exchange of scanning results. Consulted beneficiaries referred to over 400

investigation tools purchased by relying on Hercule III grants, mainly comprising software and hardware for (digital) forensic analysis (including analysis of electronic devices such as mobile phones, microcontrollers, portable memories, and radio stations), “International Mobile Subscriber Identity-catchers”, and systems for audio and video recording and surveillance. Beneficiaries also referred to more than 60 software and hardware components for automatic number plate recognition (ANPR) systems. Only one beneficiary was granted funds to purchase services to store and destroy seized tobacco products. Many beneficiaries, for all type of actions, arranged training sessions to get acquainted with new devices, tools and services co-financed by Hercule III.

7.1.2.2 Outcomes

Overall, actions funded by the Hercule III Programme yielded results that are generally aligned with expected outcomes. In this respect, the large majority of informed beneficiaries⁵⁷ consulted for this Assignment confirmed that their actions contributed either to a high extent or the fullest extent to the achievement of the outcomes listed in Figure 13.⁵⁸ Two exceptions are represented by “*use of databases to strengthen the capacity of [funded] organisation to assess threats to the EU’s financial interests*” and use and improvement of “*specific statistics and IT tools to strengthen the capacity of organisations to assess threats to the EU’s financial interests*”. The reason is that, while respondents are familiar with actions funded by grants, such outcomes are usually achieved via actions funded under procurement. In what follows, specific outcome indicators will be presented for AFT, LTS actions and, to the extent possible, TA actions.

⁵⁷ These exclude respondents that selected the “*Do not know/No opinion*” or “*Not Applicable*” answer. The limited number of informed respondents for each outcome reflects the fact that each funded action, by its very nature, generated only a small set of outcomes.

⁵⁸ This finding is confirmed when segmenting beneficiaries and unsuccessful applicants by category of actions.

Figure 13. To what extent did the action funded by the Programme contribute to the achievement of the following outcomes? (Average evaluation; number of respondents)



Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

Note: Number of informed respondents in brackets. Differences in number of respondents across dimensions are due to respondents selecting the "Do not know/No opinion" or "Not Applicable" answer. The limited number of informed respondents for each outcome reflects the fact that each funded action usually generates only a small set of outcomes. For population coverage, please see Table 2.

Source: Authors' elaboration on online survey and interviews with beneficiaries.

7.1.2.2.1 AFT and LTS actions

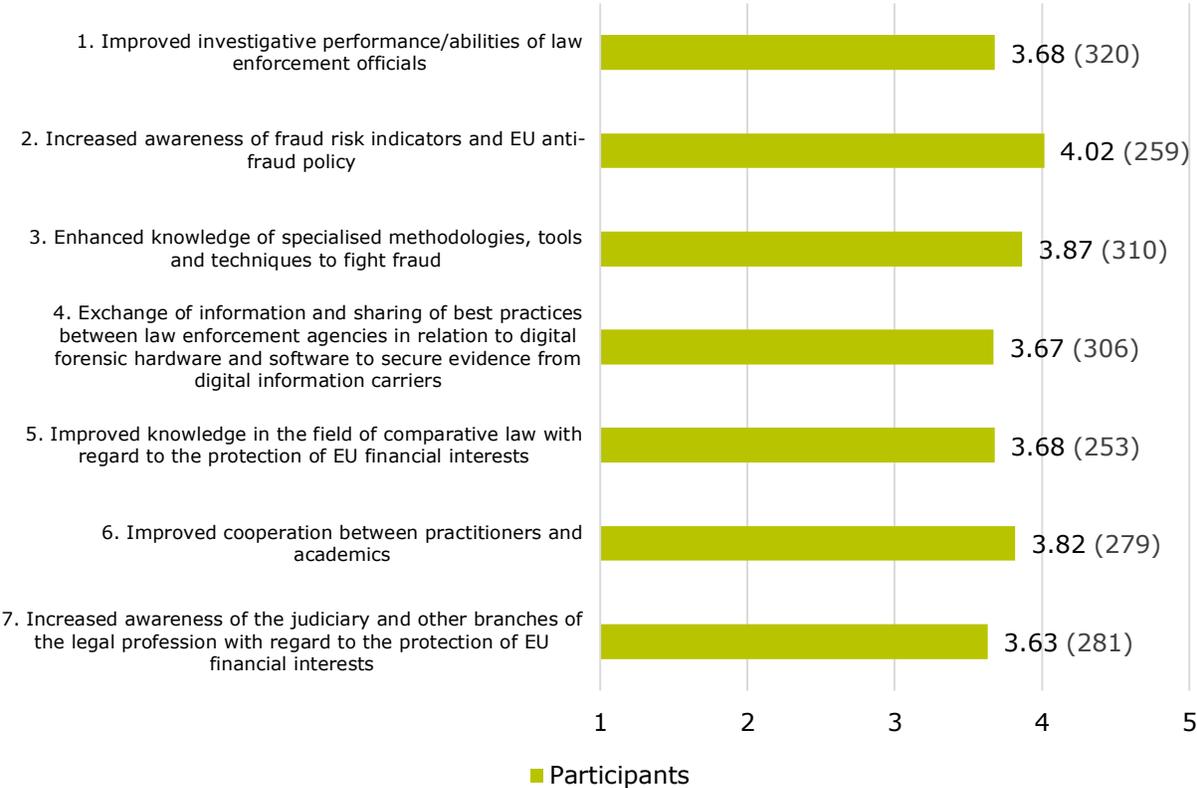
Outcome indicators measured for both AFT and LTS actions confirm the stakeholders' perceptions (Figure 13) and, more specifically, the alignment between actual and expected outcomes of the Programme. This conclusion is further corroborated by feedback from participants in events funded by Hercule III grants (see below).

Detailed outcome indicators for AFT actions are computed by reviewing reporting documents for all funded actions (see Annex G); such indicators point at about 3,000 participants in AFT events with very positive participant assessments of all event dimensions from logistics to quality of documents and speakers, from acquiring new skills, knowledge and competence to exchanging information and best practices (all dimensions scored above 4 on a scale from 1 - poor to 5 - excellent). Yet, as most of participants attending AFT events came from the same MS where the event took place, there is still room to increase the number of participants from other MS. This would improve the contribution of such actions to the some of the operational objectives of the Programme, such as "*enhancing transnational and multidisciplinary cooperation between MS authorities*" and "*facilitating the exchange of information and experience and best practices*". In addition, it would contribute to the EU added value dimension, as cross-border cooperation typically represents a result that can hardly be attained via national interventions.

Similar indicators for LTS actions are instead estimated by relying on feedback from consulted beneficiaries. In this respect, seven out of 10 sampled LTS actions included the organisation of events. These events involved more than 550 participants from 23 MS (10 participants came from third countries). Whereas in five actions the participants' overall satisfaction was assessed by beneficiaries via a survey administered during the event, the average score of such evaluations was disclosed for four LTS actions (i.e. the 60% of LTS actions including the organisation of events): on average, the participants' overall satisfaction was equal to 4.1 on a scale from 1 (poor) to 5 (excellent).

Most of the participants in events co-financed by Hercule III grants believe that the events contributed to the achievement of the expected Programme outcomes to either a high extent or to the fullest extent (Figure 14). In fact, all seven outcomes listed in Figure 14 scored above 3.5 on a scale from 1 to 5. The "*increased awareness of fraud risk indicators and EU anti-fraud policy*", the "*enhanced knowledge of specialised methodologies, tools and techniques to fight fraud*" and the "*improved cooperation between practitioners and academics*" appear to be the best achieved outcomes. In this context, more than 95% of respondents provided an overall positive assessment ("good" to "excellent") of the event they took part in (Figure 15). This result strongly confirms what emerged from the analysis of documentary evidence (see Annex G). Moreover, about 30% of participants stated that they also earned a professional qualification in the framework of the event they attended (Figure 16).

Figure 14. To what extent did the event funded by the Programme contribute to the achievement of the following outcomes? (Average evaluation; number of respondents)

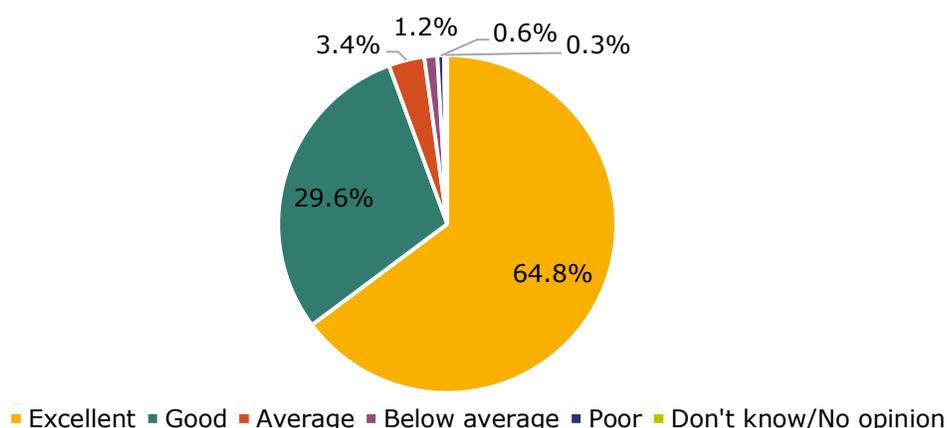


Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

Note: Number of informed respondents in brackets. Differences in number of respondents across dimensions are due to respondents selecting the "Do not know/No opinion" or "Not Applicable" answer. For population coverage, see Table 2.

Source: Authors' elaboration on online survey with participants in events.

Figure 15. Participants' overall assessment of the event attended

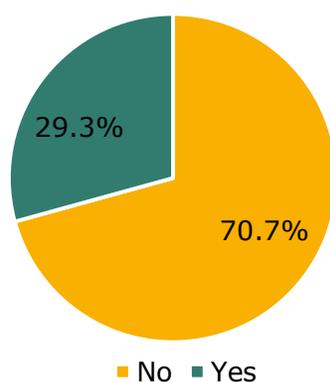


Unit: Percentage of respondents.

Note: 321 respondents. For population coverage, see Table 2.

Source: Authors' elaboration on online survey with participants in events.

Figure 16. Did the event allow you to earn a professional certification?



Unit: Percentage of respondents.

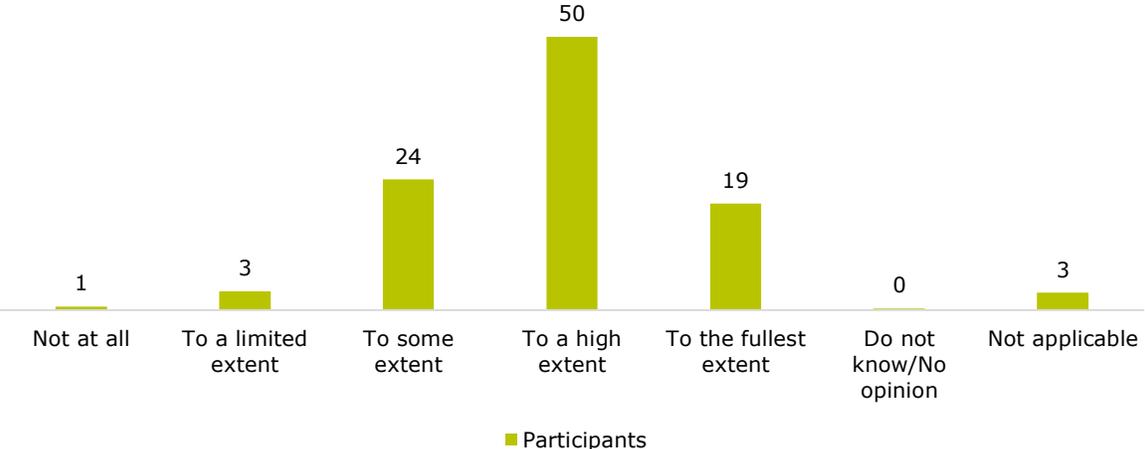
Note: 321 respondents. For population coverage, see Table 2.

Source: Authors' elaboration on online survey with participants in events.

Most important, the large majority of participants stated that the event funded by the Hercule III Programme they attended enhanced their skills, knowledge and competence in the field of EU PFI (Figure 17). More specifically, more than 70% of informed respondents stated that the event enhanced their skills and knowledge on EU PFI either to a high extent or to the fullest extent. Importantly, participants argued that the skills and knowledge acquired have been used at a later stage in their working activities, with 54% of participants using them sometimes and 29% often (Figure 18). **This is a crucial result suggesting that the Programme secures long-lasting results.** Such a conclusion is further confirmed by participants' opinion

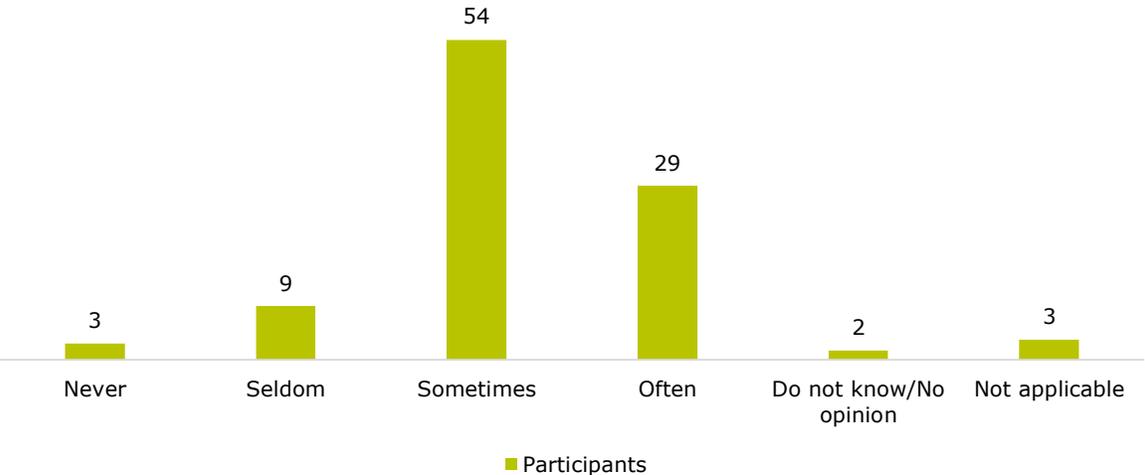
on the extent to which the skills acquired improved the quality of evidence gathered by their organisation during working activities; in fact, Figure 19 shows that 71% of participants believed the event improved the quality of evidence gathered by their organisation at least to some extent.

Figure 17. To what extent did the event increase your skills, knowledge and competence in the field of the protection of the EU financial interests? (% of respondents)



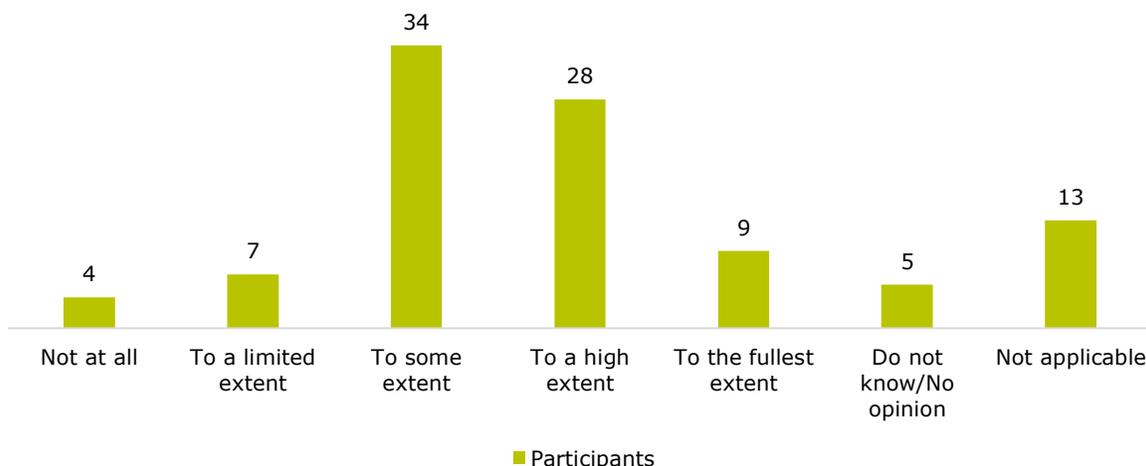
*Unit: Percentage of respondents.
 Note: 321 respondents. For population coverage, see Table 2.
 Source: Authors’ elaboration on online survey with participants in events.*

Figure 18. After the event, how often have you used the acquired skills, knowledge and competence in your working activity? (% of respondents)



*Unit: Percentage of respondents.
 Note: 321 respondents. For population coverage, see Table 2.
 Source: Authors’ elaboration on online survey with participants in events.*

Figure 19. To what extent did the skills, knowledge and competence acquired during the event funded by the Hercule III Programme improve the quality of evidence gathered by your organisation? (% of respondents)



Unit: Percentage of respondents.

Note: 321 respondents. For population coverage, see Table 2.

Source: Authors' elaboration on online survey with participants in events.

7.1.2.2.2 TA actions⁵⁹

Data to compute outcome indicators were provided by only five beneficiaries (Table 10). This is because more than half of the 25 sampled actions were still ongoing at the moment of gathering data and many others were only recently concluded; therefore, beneficiaries were not in the position to provide outcome indicators, which are generally delivered to OLAF only one year after the completion of the action when submitting the Final Implementation Report.⁶⁰ In this context, **it is not possible to draw conclusions with regard to outcomes of TA actions.**

Focusing on available data, anti-tobacco sniffer dogs contributed to 13 successful operations leading to one arrest, one conviction and two seizures. Hardware and software for digital forensics and a radio network led to more than 500 operations with 22 arrests and 37 convictions. ANPR cameras installed at several sites allowed for 16 million inspections with about 3,000 "hits"⁶¹. It is worth mentioning that such

⁵⁹ The outcomes of TA actions presented in this Section are limited and do not allow measuring the key performance indicators listed in Article 4(a)-(c) of the Regulation. In this respect, beneficiaries interviewed for this Assignment explained that the collection of data to populate such indicators is the most burdensome aspect of the reporting phase.

⁶⁰ On a more general note, several beneficiaries have emphasised that any outcome indicator for TA actions tends to be inaccurate, as devices, tools and systems co-financed by Hercule III contribute to operations that also rely on internal resources and skills; therefore, it is difficult to single out the share of outcomes exclusively generated by equipment funded by Hercule III.

⁶¹ A hit is an instance of identifying a number plate which matches the requirements of a search.

indicators are based on preliminary results linked to the first months of operations of devices, tools and systems funded by Hercule III; outcome indicators, therefore, are expected to increase year by year. Data for one beneficiary cannot be presented due to confidentiality reasons.⁶²

Table 10. Outcome indicators for selected TA actions

	Devices and animals to carry out inspection	Investigation Tools	Systems for recognition of number plates and container codes
Number of operations/inspections /plates checked	13	507	16,000,000
Number of hits	-	-	3,000
Arrests	1	22	-
Convictions	1	37	-

Note: Outcomes indicators cover only four actions: two actions purchasing investigation tools; one action for devices and animals and ANPRS systems.

Source: Authors' elaboration on online survey and interviews with beneficiaries.

The limited availability of outcome indicators is also confirmed by the analysis of reporting documents. Whereas at the moment of reviewing documentary evidence no Final Implementation Report was still available, 13 Final Technical Reports were reviewed. Six did not cover outcomes, as actions were only recently finalised and it was not possible to report meaningful indicators.

Available data can be summarised as follows: i) a mix of devices and animals to carry out inspections enabled the seizure of almost 6,000 packages of cigarettes; ii) investigation tools (e.g. systems to analyse seized cigarettes, geo-localisation tools, digital forensics equipment) supported more than 150 operations and led to the seizure of 173 kg of drugs and weapons, more than 21 tonnes of cigarettes, 3,542 litres of alcohol, several data carriers and to about 10 arrests; iii) a network of ANPR cameras led to the seizure of about 10 tonnes of drugs.

Again, these indicators are provisional and expected to rise as devices, tools and systems co-financed by Hercule III are used over several years. Nonetheless, several beneficiaries stressed that while such equipment contributes to successful operations, it is always used in combination with other tools. Therefore, outcomes cannot be entirely attributed to the Hercule III intervention.

7.1.2.2.3 Outcomes of actions under procurement

⁶² These data refer to services to store and destroy seized tobacco, which are covered by only one grant.

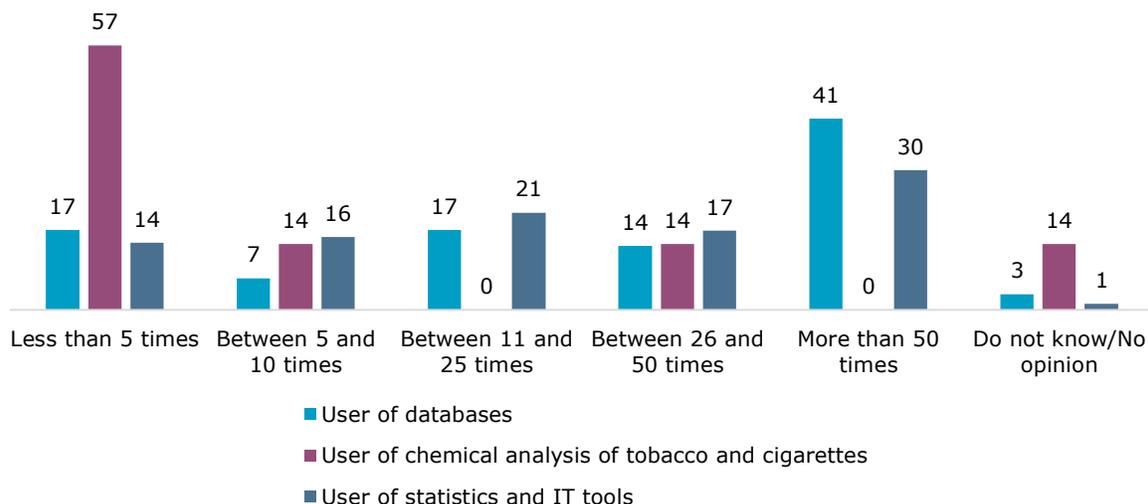
The online surveys of users of services procured by the Programme allows for computing output indicators for three TA actions funded under procurement: i) purchase of (access to) databases with information on trade flows, ship manifest data, container traffic and company information; ii) development and implementation of IT statistics tools for data analysis and data mining to support fraud risk analysis; and iii) purchase of services to carry out chemical analysis of samples from tobacco and cigarette seizures.

The frequency of usage varies significantly between categories of users. More than half of surveyed users of chemical analysis of tobacco samples relied on such services fewer than five times per year. By contrast, yearly frequency of usage is greater than 50 times for 41% and 30% of users of databases and of statistics and IT tools respectively (Figure 20).

Users of services procured by Hercule III emphasised the effectiveness of TA actions funded under procurement when it comes to the achievement of expected outcomes. In fact, the majority of informed respondents⁶³ using databases, statistics and IT tools or chemical analysis of tobacco samples believe that the services procured by Hercule III are user-friendly either to a high extent or to the fullest extent (Figure 21). In the same vein, most of the informed users in the three categories emphasised that the services they rely on contribute either to a high extent or to the fullest extent to investigation and risk analysis activities in the field of PFI. The same conclusions apply to strengthening the capacity of database users to identify threats to EU financial interests. On a different note, most of the informed respondents using statistics and IT tools or chemical analysis indicated that TA actions under procurement contribute “to some extent” to strengthening their capacity to identify threats affecting the PFI.

⁶³ These exclude respondents that selected the “Do not know/No opinion” or “Not Applicable” answer.

Figure 20. On average, how many times per year do you consult the databases, statistics and IT tools, and/or other services funded by the Programme? (% of respondents)

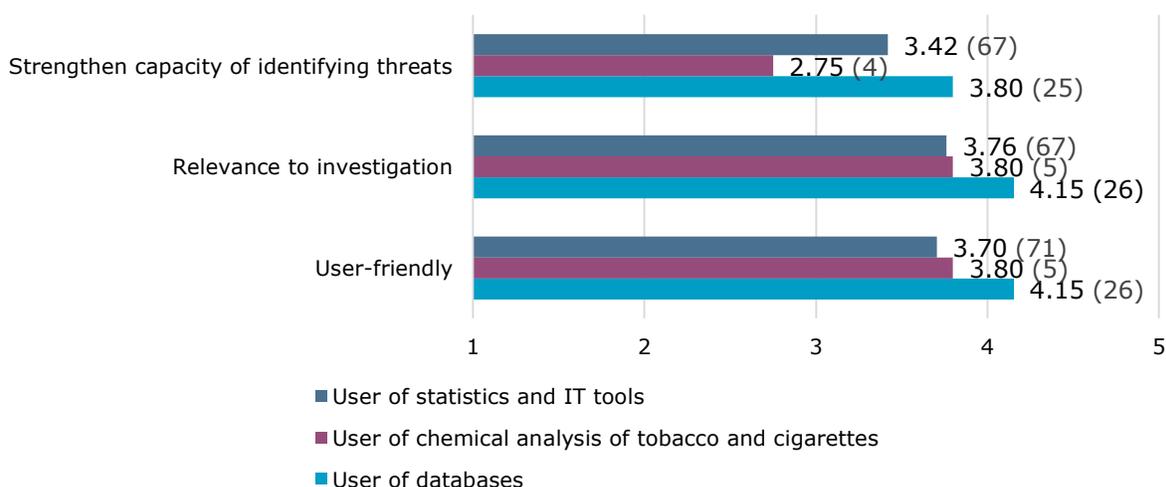


Unit: Percentage of respondents.

Note: 112 respondents. For population coverage, see Table 2.

Source: Authors' elaboration on online survey with users of services.

Figure 21. To what extent 1) has the service provided by the Programme strengthened your capacity to identify threats, 2) is the service relevant to investigation in the field of PFI, and 3) is the service user-friendly? (Average evaluation; number of respondents)



Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

Note: Number of informed respondents in brackets. Differences in number of respondents across dimensions are due to respondents selecting the "Do not know/No opinion" or "Not Applicable" answer. For population coverage, see Table 2.

Source: Authors' elaboration on online survey with users of services.

7.2 EQ5: To what extent have these objectives been achieved through the Hercule III Programme's interventions and to what extent have other factors played a role?

EQ5 is addressed by assessing the stakeholders' perception of the impact of drivers other than funded actions on the expected results of the Programme; this is in line with the Evaluation Framework presented in Chapter 2.

In this respect, consulted institutions and beneficiaries were asked to rank the external factors impinging on the achievement of the objectives of the Hercule III Programme. On average, the rankings provided by both stakeholder categories were identical. More specifically, **the ability of fraudsters to "adapt quickly to new circumstances at the EU level, operate cross-border and exploit the weakest points in the external borders" was ranked as the most important factor hindering the achievement of the objectives set by the Programme.** This factor was followed by: i) *"the large number and varied nature of competent national and regional authorities"* leading to uneven PFI; ii) *"differences in incentives and capacities between MS"*; iii) *"divergent application of criminal law and penal sanctions"* across EU MS; and, finally, iv) *"pressure on public finance"* requiring more cost-efficient solutions.⁶⁴

In addition, **some stakeholders mentioned additional factors affecting the achievement of the objectives of the Hercule III Programme.** The most recurrent factors include: i) weak political willingness to protect EU financial interests; ii) rising scepticism vis-à-vis EU institutions; iii) poor knowledge about fraud affecting the EU financial interests; iv) limited financial envelope of the Hercule III Programme and limited financial resources available at MS level to protect EU financial interests; and v) paucity of skilled personnel and modern technical tools to combat and prevent fraud.⁶⁵

Against this background, **it is apparent that many external factors play a role in the achievement of Hercule III Programme objectives.** More specifically, **such factors tend to harm the PFI and require continued efforts by national**

⁶⁴ Slightly different rankings are registered when segmenting beneficiaries by category of actions. Both AFT and TA beneficiaries cite the ability of fraudsters to *"adapt quickly to new circumstances at EU level, operating across borders and exploiting the weakest points in the external borders"* as the most important external factor; by contrast, LTS beneficiaries believe that the PFI is most affected by *"divergent application of criminal law and penal sanctions impedes equivalence in the protection of the EU financial interests"*. The least impactful factors are: *"differences in incentives and capacities between Member States lead to uneven protection of the EU financial interests"* for AFT beneficiaries; *"Pressure on public finance requires more cost-efficient protection of the EU financial instruments"* for LTS beneficiaries; *"divergent application of criminal law and penal sanctions impedes equivalence in the protection of the EU financial interests"* for TA beneficiaries.

⁶⁵ These suggestions were provided by a limited number of consulted stakeholders and do not constitute statistically representative findings.

authorities. Such efforts are supported, to the extent possible, by Hercule III actions.

7.3 Operational conclusions

The **expected outputs** (i.e. the most immediate results) of the Programme have been achieved. Nevertheless, more could be done when it comes to staff exchange between national administrations, which was covered by only one surveyed action in the first two years of the Programme. In this respect, it is worth remarking that the Regulation originally included staff exchange under the TA heading; therefore, **a new specific TA action aiming to enhance “staff exchanges for specific projects” as per Article 8aiv of the Regulation**, could be considered. With regard to TA actions, the purchase of services to support MS capacity to “store and destroy seized cigarettes” was targeted only by one surveyed action; the limited interest of beneficiaries in accessing such services should be taken into account while preparing the new edition of the Programme.

Expected outcomes (i.e. the short-/medium- term changes affecting the Programme’s addressees) have been achieved by AFT and LTS actions. Nevertheless, in order to achieve some of the operational objectives of the Programme⁶⁶ and improve its EU added value in terms of cross-border cooperation, **international participation in events co-financed by Hercule III could be fostered.**

It is not possible to draw conclusions with regard to outcomes of TA actions. In fact, outcome indicators were provided by only five beneficiaries, as most of the TA actions were either still ongoing or only recently concluded. In this context, it is worth remarking that while beneficiaries are able to provide data to assess the key performance indicator spelled out in Article 4d of the Regulation,⁶⁷ they encounter some difficulties in providing data to measure the key performance indicators listed in Article 4a-c of the Regulation.⁶⁸ Reportedly, the collection of data to measure such indicators is the most burdensome aspect of the reporting phase. In this respect, when preparing the new edition of the Programme, **Article 4 could be simplified.** For instance, the identification of *ad hoc* key performance indicators could be left to the calls for proposals or grant agreements, thus ensuring the selection of indicators that are fit to measure the outcome of specific actions, reducing the burdensomeness of the reporting phase.

⁶⁶ “Enhancing transnational and multidisciplinary cooperation between MS authorities” and “facilitating the exchange of information and experience and best practices”.

⁶⁷ “The number of seizures, confiscations and recoveries following fraud cases detected by joint actions and cross-border operations”; “the added value and effective use of the co-financed technical equipment”; and “the exchange of information among Member States on the results achieved with the technical material”.

⁶⁸ “The number of seizures, confiscations and recoveries following fraud cases detected by joint actions and cross-border operations”; “the added value and effective use of the co-financed technical equipment”; and “the exchange of information among Member States on the results achieved with the technical material”.

Finally, although it is too early to measure the long-term impacts of the Programme (i.e. changes affecting all of society and which the Programme is intended to yield over a longer period of time), official statistics on reported fraud and irregularities reveal that **more should be done on the expenditure side of the EU budget in the next edition of the Programme.**

8 EFFICIENCY

HIGHLIGHTS

- Administrative activities related to the Hercule III Programme can be broadly divided into three phases: i) application phase; ii) grant award and contracting phase; iii) reporting phase.
- The average beneficiary of the Programme spent about 18 person-days to complete the application phase, 4.4 person-days for the grant-awarding phase and 13 person-days for the reporting phase. The application and reporting phases for successful AFT proposals (21 and 18 person-days respectively) were relatively longer than for LTS (15 and 14 person-days) and TA proposals (16 and 9 person-days). The duration of the grant award and contracting phase was similar for all categories of actions.
- The average beneficiary faced regulatory costs in the region of €4,500 to perform administrative activities related to the Programme. LTS actions (above €7,000) appeared to be costlier than AFT (about €4,500) and TA actions (about €3,600).
- Regulatory costs linked to the application phase yield “value for money”. In fact, AFT beneficiaries were expected to get about €12.40 for each euro spent in preparing a proposal. The expected return on investment for LTS proposals was at around €7.30 for each euro spent. Beneficiaries of TA grants were expected to get €66.80, as the average grant requested was much greater.
- Costs incurred to perform all of the administrative activities related to Hercule III represented about 1% of the average grant requested by TA beneficiaries, about 6% for AFT actions and 13% for LTS actions. An improvement was recorded for AFT actions over 2014 and 2015.
- About 30% of beneficiaries and unsuccessful applicants stated that the application process is too cumbersome. Only 14% of the beneficiaries stated the same for the grant award and contracting phases. More than one-third of beneficiaries considered the reporting phase too cumbersome. If their suggestions to streamline the process were accepted, estimated cost savings of about €2,000 per action would materialise. Nonetheless, only part of these savings can be actually achieved, as some regulatory obligations are inherent to EU procurement and cannot be simplified given the current legal framework.
- On average, cost per participant in AFT events covered by Hercule III grants was €467. Cost per participant in LTS events covered by Hercule III grants was €694; yet this also includes expenses to carry out studies presented at LTS events. Average cost per participant in AFT is lower than costs registered in other EU-funded programmes; cost per LTS participant is broadly aligned. This reveals the cost-effectiveness of AFT and LTS actions.

- Outcome indicators are available only for a limited number of TA actions. Therefore, no general conclusions can be drawn with regard to their cost-effectiveness.

Article 13.2(a) of the Regulation requests an assessment of “*the efficiency of the use of resources*” of the Hercule III Programme. The efficiency criterion concerns **the minimisation of costs incurred by stakeholders to generate the Programme’s results and achieve its objectives**. This evaluation criterion includes two EQ, which are answered in this Chapter by relying on data and information provided by beneficiaries of Hercule III grants and unsuccessful applicants consulted for this Assignment. Where possible, such information is complemented by evidence retrieved from reporting documents submitted to OLAF.

8.1 EQ6: To what extent have the desired effects been achieved at reasonable costs?

In line with the Evaluation Framework presented in Chapter 2, this EQ first requires quantifying regulatory costs incurred when dealing with administrative activities linked to three specific phases: i) drafting grant proposals; ii) completing the grant award and contracting phase; and iii) complying with reporting obligations. Next, it requires assessing the affordability of such regulatory costs. Finally, where possible, cost-effectiveness techniques to measure the ratio between allotted funds and Programme results are applied.

8.1.1 Time spent to carry out administrative activities linked to the Hercule III Programme

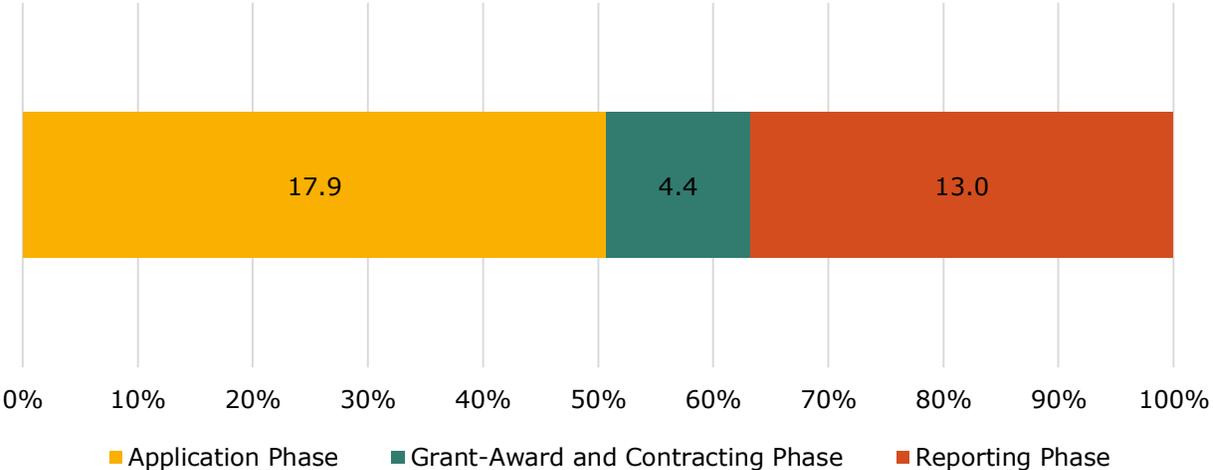
The process to submit an application to the Hercule III Programme includes, *inter alia*, the following activities: i) finding out about the call for proposals; ii) studying the documents of the call for proposals and understanding the rules and procedures; iii) preparing a concise description of the action, the timetable, the budget and completing the application form; iv) collecting related supporting evidence; and v) submitting the application by email and/or by post. **The average beneficiary of the Programme spent about 18 person-days to complete the application phase** (Figure 22). This represented half of the overall time spent by beneficiary organisations to deal with administrative tasks related to drafting the proposal, signing the grant and complying with reporting requirements. The application phase for successful AFT proposals (21 person-days) was relatively longer than the one for LTS (15 person-days) and TA proposals (16 person-days). Interestingly, the average time spent by unsuccessful applicants (60 respondents) in preparing an application (13.9 person-days) for the Hercule III Programme was 22% shorter than the time spent by successful applicants.

Successful applicants perform, *inter alia*, the following activities to complete the grant award and contracting phase: i) providing additional information (if any) requested

by the Commission; ii) preparing and submitting the documents and information required by the grant agreement; iii) collecting signatures from authorised representatives; and iv) returning the grant agreement to the Commission for signature. **This phase was the least time-consuming one: beneficiaries spent, on average, 4.4 person-days to complete the relevant administrative tasks.** The duration of this phase is similar for all categories of actions.

Finally, after the completion of the actions, beneficiaries have to comply with reporting requirements, which include among others: i) preparing a Final Technical Report; ii) preparing a Final Financial Report; iii) assessing participants’ overall satisfaction (only for events under AFT and LTS); and iv) preparing a Final Implementation Report (only for TA actions). **The average beneficiary spent 13 person-days to perform such activities**, i.e. 37% of the overall time spent to deal with administrative activities. The reporting phase appears to be longer for AFT actions (18 person-days) than LTS (13 person-days) and TA actions (9 person-days). This difference may stem from reporting obligations for AFT actions, which require, *inter alia*, assessing the satisfaction of participants in events co-financed by Hercule III. Although participant assessment is also requested for events covered by LTS actions, LTS projects do not always include events; in addition, AFT actions are more complex than LTS actions, as they usually include more than one event.

Figure 22. Time spent by beneficiaries to prepare and submit an application, complete the grant award and contract signing process and comply with reporting obligations (person-days)



Unit: Person-days.
Note: Sample: 49 for phase #1, 47 for phase #2, and 49 for phase #3. Outliers: respondents included in the top 10% for person-days in each phase. For population coverage, see Table 2.
Source: Authors’ elaboration on online survey and interviews with beneficiaries.

The distribution of efforts across the three phases observed for the Hercule III Programme appears to be in line with results registered for other European funded programmes. For instance, an online survey conducted in 2011 to assess administrative costs borne by beneficiaries of grants of the Entrepreneurship and Innovation Programme identified the application phase as the most time-consuming (covering more than half of the overall time spent by beneficiaries on the entire process), followed by the reporting phase and grant awarding and contract signing phase.⁶⁹

On top of the person-days spent by beneficiaries' employees, a very small share of beneficiaries and unsuccessful applicants also resorted to external service providers to carry out some of the administrative activities required to participate in the Hercule III Programme (Table 11).

Table 11. Reliance on external consultants

Phase	Beneficiaries	Unsuccessful applicants
	Reliance on external service providers	Reliance on external service providers
Application	6%	7%
Grant award and contracting	6%	n.a.
Reporting	2%	n.a.

Note: N.a. stands for not applicable. Sample: 56 beneficiaries and 60 unsuccessful applicants. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with beneficiaries and unsuccessful applicants.

8.1.2 Regulatory costs related to the Programme

Time spent to perform each phase can be used to measure regulatory costs by applying the Standard Cost Model,⁷⁰ as requested by the "Better Regulation Toolbox".⁷¹ First, person-days are converted into person-hours by assuming that each person-day corresponds to eight hours.⁷² Then, the overall number of hours is multiplied by a standard tariff, i.e. the 2016 hourly labour cost for the service sector

⁶⁹ Economisti Associati et al. (2011), "Online survey on the cost for beneficiaries of grants and the cost for financial intermediaries for financial instruments of the Entrepreneurship and Innovation Programme (EIP)", European Commission.

⁷⁰ SCM Network (2005), "The International SCM Manual; Measuring and Reducing Administrative Burdens for Businesses", available at: http://www.administrative-burdens.com/filesystem/2005/11/international_scm_manual_final_178.doc.

⁷¹ European Commission, *Better Regulation "Toolbox"*, 19 May 2015, tool #53 available at: http://ec.europa.eu/smart-regulation/guidelines/docs/br_toolbox_en.pdf.

⁷² Eurofound (2016), "Working time developments in the 21st century: Work duration and its regulation in the EU".

at the MS level (see Annex H).⁷³ For those respondents relying on external service providers, regulatory costs also account for out-of-pocket expenses incurred for such services. Nonetheless, as a very small number of respondents resorted to external service providers, such additional costs have limited impact on average regulatory costs. Table 12 shows the average regulatory cost incurred by beneficiaries of Hercule III actions. **The average beneficiary faced regulatory costs of approximately €4,500.** LTS actions (above €7,000) appear to be costlier than AFT (about €4,500) and TA actions (about €3,600); this finding can be explained by the fact that most of LTS beneficiaries appear to be based in MS with higher labour costs than the MS of AFT and TA beneficiaries.

Table 12 Average regulatory costs incurred by beneficiaries (€)

Phase	AFT	LTS	TA	All categories
Application	2,195	3,235	1,839	2,226
Grant award and contracting	467	886	486	546
Reporting	1,830	2,900	1,312	1,762
TOTAL	4,492	7,021	3,637	4,534

Note: Sample: 49 for phase #1 (18 AFT, 9 LTS, 22 TA); 47 for phase #2 (19 AFT, 8 LTS, 20 TA), and 49 for phase #3 (18 AFT, 8 LTS, 23 TA). Outliers: respondents included in the top 10% person-days in each phase. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with beneficiaries.

8.1.3 Value for money

The "value for money" of the application phase is estimated by measuring the ratio between the "expected value" of Hercule III proposals and the regulatory costs incurred to prepare a proposal. The expected value of a proposal is computed as the grant requested multiplied by the likelihood of getting the grant. This value is then divided by the regulatory costs incurred in the application phase, thus measuring the expected "return on investment" at the moment of applying for a grant. **Regulatory costs linked to the application phase yield "value for money"**. In fact, **AFT beneficiaries were expected to get about €12.40 for each euro spent on preparing a proposal** (this is equivalent to a 1,240% "return on investment"; Table 13). Interestingly, the expected return went from €7.40 for each euro spent in 2014 to more than €19.60 in 2015; this change was generated by an increase in the

⁷³ Labour costs include wage and non-wage costs less subsidies. They do not include vocational training costs or other expenditures such as recruitment costs, spending on working clothes, etc. For further details see: http://ec.europa.eu/eurostat/statistics-explained/index.php/Hourly_labour_costs#Source_data_for_tables_and_figures_on_this_page_.28MS_Excel.29.

average grant requested in 2015. The latter was most likely affected by the minimum budget threshold for AFT actions (€50,000) introduced by the 2015 Annual Work Programme. **The expected return on investment for LTS proposals was at around €7.30 for each euro spent.** Finally, **beneficiaries of TA grants were expected to get €66.80 for each euro invested in the application phase;** in fact, the average grant request for TA actions by consulted beneficiaries was around €500,000 because such actions usually aim to purchase tangible assets requiring a considerably higher budget than, for example, the organisation of events.

Table 13. Ratio between the expected value of a proposal and regulatory costs incurred to prepare the proposal

Type of action	Expected value/regulatory costs
AFT	12.4
LTS	7.3
TA	66.8

Note: Sample: 18 AFT, 9 LTS, and 22 TA. Outliers: respondents included in the top 10% person-days in each phase. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with beneficiaries.

The “value for money” of the overall regulatory costs related to Hercule III grants can be assessed by comparing regulatory costs with granted amounts. In fact, regulatory costs generated by the grant award and contracting phase as well as the reporting phase are incurred only by successful applicants who are certain to receive the grant, provided that they perform the proposed action. In this respect, **costs incurred to perform all the administrative activities linked to Hercule III represented only about 0.7% of the average grant requested by TA beneficiaries. This confirms the affordability of regulatory costs generated by TA actions.** By contrast, **more than 13% of the average grant requested by LTS beneficiaries was spent on administrative activities** to comply with the Programme’s contractual obligations. **For AFT beneficiaries, regulatory costs accounted for 5.8% of the average grant requested.** This is explained by two factors: i) beneficiaries of LTS actions incurred the highest regulatory costs, followed by beneficiaries of AFT actions and TA actions; ii) the average grant requested by consulted beneficiaries for TA actions (around €500,000) was considerably larger than those for AFT (below €80,000) and LTS grants (below €55,000). It is worth remarking that an improvement was recorded for AFT actions between 2014 and 2015 as regulatory costs went from about 9% of the average grant requested to about 4%; this improvement was most likely generated by the minimum budget threshold for AFT actions (€50,000) introduced in 2015. In this context, there is still some room to improve the “value for money” yielded by LTS actions (see Section 8.2).

8.1.4 Cost-effectiveness

Whereas a cost-benefit analysis appears to be unfeasible, as most of the benefits of the Programme will only accrue in the coming years, outcome indicators presented in Section 7.1.2.2 are used to compute the average cost per participant in events co-financed by Hercule III and other cost-effectiveness indicators that contribute to answering EQ6.

On average, cost per participant in AFT events covered by Hercule III grants was €467 (Figure 23).⁷⁴ The average cost was higher for events including a larger share of participants from a different country (€799 vs. €364)⁷⁵, as travel expenses have a major impact on participation costs. **Cost per participant in LTS events covered by Hercule III grants was €694.**⁷⁶ Nonetheless, it is worth mentioning that whereas data for AFT actions were sourced from Final Technical Reports, data for LTS actions were provided by beneficiaries consulted for this Assignment. In this respect, average cost per participant for LTS is affected by an upward bias: some actions under LTS included both the organisation of events and the preparation of studies and other publications and it was not possible to single out the share of budget directed only to events. In this context, if one considers that EU costs cover 80% of the total expenditures for AFT and LTS events, **the average costs per participant in AFT and LTS events are broadly aligned with costs registered in other EU-funded programmes.** For instance, the average total expenditure per participant was estimated at €900 for the Customs 2013 Programme⁷⁷ and at €999 for the Fiscalis 2013 Programme.⁷⁸ This comparison reveals the cost-effectiveness of AFT and LTS actions.⁷⁹

⁷⁴ The cost per participant covered by the EU budget has been measured by dividing the total grant awarded to each action by the total number of participants in events arranged in that action. Each action may include more than one event; the number of participants in each event is recorded by documentary evidence. If one considers that EU costs cover 80% of the total expenditures for each action, total expenditure per participant is equivalent to €583.

⁷⁵ Total expenditure per participant (see note 74) is equal to €998 for events including more than 30% of participants coming from a different MS and €454 for events with at least 70% of participants coming from the same MS.

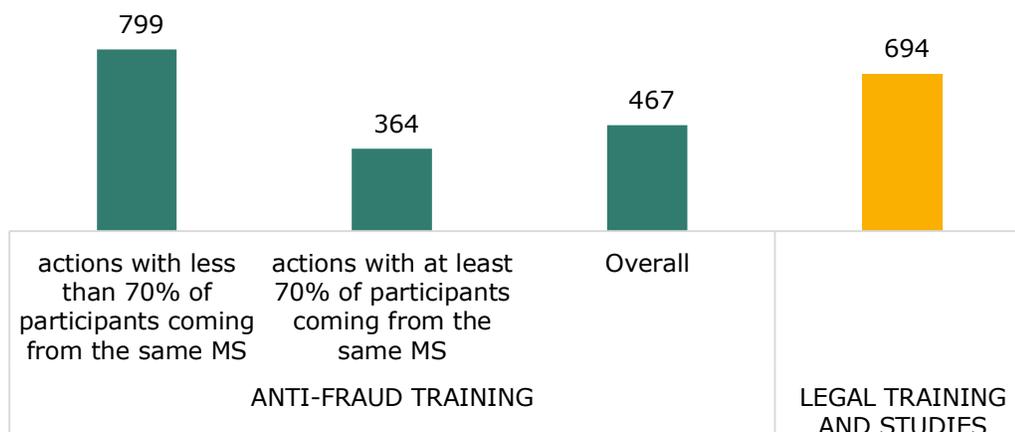
⁷⁶ Total expenditure per participant (see note 74) is equal to €868.

⁷⁷ For further details see Coffey (2014), Final Evaluation of The Customs 2013 Programme, European Commission, available at: https://ec.europa.eu/taxation_customs/sites/taxation/files/docs/body/customs_2013_final_evaluation_report.pdf.

⁷⁸ For further details see Ramboll (2014), Final Evaluation of The Fiscalis 2013 Programme, available at: https://ec.europa.eu/taxation_customs/sites/taxation/files/docs/body/fiscalis2013_final_evaluation.pdf.

⁷⁹ It is worth stressing that events funded by Customs 2013 and Fiscalis 2013 generally involved participants from several MS. Therefore, such costs should be compared with costs for AFT events including a larger share of participants coming from a different MS, i.e. €799 per participant covered by EU budget and about €998 in terms of total expenditure per participant.

Figure 23. Average cost per participant (€)



Note: Average cost for LTS actions may be overestimated, as overall costs also include the preparation of studies and other publications discussed at LTS events.

Source: Authors' elaboration on documentary evidence and online survey and interviews with beneficiaries.

Data to compute outcome indicators for TA actions were provided only by a very limited number of beneficiaries (see Section 7.1.2.2.2). **Therefore, no general conclusions can be drawn with regard to the cost-effectiveness of TA actions.** In addition, such data are only partial, as tools, devices and systems funded by Hercule III have been recently installed and are still operational; therefore, output indicators are expected to grow year after year. Against this background, cost-effectiveness indicators are most likely distorted by such a limitation. For instance, each arrest or conviction performed by relying on “devices and animals” or “investigation tools” costs between €15,000 and €19,000 in terms of Hercule III funds; each “hit” relying on ANPR cameras funded by Hercule III costs about €650. In the same vein, it is still too early to draw conclusions when it comes to the ratio between granted amounts and prevented losses to the national/EU budget. By way of example, a beneficiary provided an estimate of losses prevented by anti-tobacco sniffer dogs: for each euro co-financed by the Hercule III Programme, losses of €7 were prevented. Another beneficiary argued that each euro spent in software and hardware for digital forensics led to about €650 in prevented losses. Based on evidence from Final Technical Reports of TA actions, a beneficiary prevented losses to the EU budget of €26.30 for each euro invested in micro-cameras and GPS trackers co-financed by the Programme; another beneficiary pointed at €9.24 for each euro spent on software and hardware for forensics and digital forensics analysis; a third beneficiary detected frauds for almost €300 for each euro invested in “International Mobile Subscriber Identity-catchers” and mobile phone jammers.

8.2 EQ7: Could the same effects have been achieved with lower costs if procedures had been simpler, involving less administrative burden and/or efficient implementation mechanisms had been applied?

This EQ is answered by assessing the stakeholders' perceptions of the cumbersomeness of each of the three phases leading to regulatory costs: i) application; ii) grant award and contracting; and iii) reporting. In addition, cost savings stemming from possible solutions to improve the efficiency of each phase are measured. It is worth remarking, however, that only part of these savings can be actually achieved, as some regulatory obligations are inherent to EU procurement and cannot be simplified in the current legal framework.

About **33% of consulted beneficiaries and 27% of unsuccessful applicants stated that the application process is too cumbersome** (Table 14). They provided some suggestions for improvement, such as: i) avoiding redundancies in the information requested, for instance by taking into account documents that have already been submitted by the same entity in previous calls; ii) improving the readability of the application forms; iii) providing more guidance on the application process, e.g. via webinars or tutorials; iv) reducing the amount and detail of information requested,⁸⁰ e.g. by postponing some information obligations to the grant award phase; iv) translating calls for proposals and guidance documents into all EU languages; and iv) digitising the entire application process.⁸¹ Respondents estimated that **if their suggestions were accepted, they would save about 50% of the time required to apply to the Programme** (Table 14. Cumbersomeness of administrative activities

Phase	Beneficiaries	Unsuccessful applicants
	Respondents considering the process cumbersome	Respondents considering the process cumbersome
Application	33%	27%
Grant award and contracting	14%	n.a.
Reporting	33%	n.a.

Note: N.a. stands for not applicable. Sample: 49 beneficiaries and 60 unsuccessful applicants for phase #1, 52 for phase #2, and 51 for phase #3. Outliers: respondents included in the top 10% for person-days in each phase. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with beneficiaries and unsuccessful applicants.

⁸⁰ With regard to TA actions, some stakeholders emphasised difficulties in obtaining "pro-forma" invoices. With regard to AFT and LTS actions, stakeholders stressed that too many details concerning features (agenda, venue, dates, speakers) of and participants in events are requested and this may create discrepancies between what is actually done and what is promised, especially if too much time elapses between the submission of the application and the grant award.

⁸¹ Whereas almost all respondents that considered the application phase cumbersome (i.e. about one-third of total respondents) suggested what could be done for making it less cumbersome, each suggestion was provided by a limited number of consulted stakeholders.

Table 15), **i.e. about €1,100 per application** if one considers the regulatory costs estimated above (Table 12).⁸²

Only 14% of the respondents consider the grant award and contracting phase burdensome (Table 14). To improve this phase, they suggested: i) digitising the process, including the signature of the contract; ii) providing assistance in all EU languages; iii) shortening the time-gap between the submission of the application and the signature of the contract; and iv) allowing for subcontracting an organisation rather than only physical persons.⁸³ **Such improvements are expected to reduce the time spent on this phase by almost 65%** (Table 14. Cumbersomeness of administrative activities

Phase	Beneficiaries	Unsuccessful applicants
	Respondents considering the process cumbersome	Respondents considering the process cumbersome
Application	33%	27%
Grant award and contracting	14%	n.a.
Reporting	33%	n.a.

Note: N.a. stands for not applicable. Sample: 49 beneficiaries and 60 unsuccessful applicants for phase #1, 52 for phase #2, and 51 for phase #3. Outliers: respondents included in the top 10% for person-days in each phase. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with beneficiaries and unsuccessful applicants.

⁸² Respondents that considered the process cumbersome were requested to suggest what could be done for improving the efficiency of the process and to estimate the total number of person-days that could be saved. Savings in person-days were compared with total person-days spent to complete the process, thus estimating the percentage reduction in time spent to complete the process. Finally, the percentage reduction was translated in monetary savings by taking into account regulatory costs, which are estimated above by applying the Standard Cost Model (Table 12).

⁸³ Whereas almost all respondents that considered the grant awarding and contracting phase cumbersome (i.e. 14% of total respondents) suggested what could be done for making the application phases less cumbersome, each suggestion was provided by a limited number of consulted stakeholders.

Table 15), **generating savings in the region of €350 per action** (Table 12).⁸⁴

Finally, **more than one-third of consulted beneficiaries considered the reporting phase too cumbersome** (Table 14). In order to streamline the process, they suggested: i) digitising the reporting process, e.g. by creating a centralised platform to upload relevant data; ii) preparing a clear digital template for all reporting obligations; iii) considering the special needs of public and research institutions (which, for instance, may not be able to prepare timesheets); iv) allowing the use of any EU language; v) allowing the inclusion of person-days spent on preparing reporting documents in the budget of the action; and vi) devoting a specific time window to reporting activities, after the completion of the action.⁸⁵ **Time savings stemming from these improvements are estimated at above 40%** compared to the current situation (Table 14. Cumbersomeness of administrative activities

Phase	Beneficiaries	Unsuccessful applicants
	Respondents considering the process cumbersome	Respondents considering the process cumbersome
Application	33%	27%
Grant award and contracting	14%	n.a.
Reporting	33%	n.a.

Note: N.a. stands for not applicable. Sample: 49 beneficiaries and 60 unsuccessful applicants for phase #1, 52 for phase #2, and 51 for phase #3. Outliers: respondents included in the top 10% for person-days in each phase. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with beneficiaries and unsuccessful applicants.

⁸⁴ See footnote 82.

⁸⁵ Whereas almost all respondents that considered the reporting phase cumbersome (i.e. about one-third of total respondents) suggested what could be done for making it less cumbersome, each suggestion was provided by a limited number of consulted stakeholders.

Table 15), **with potential cost savings of about €700 per action** (Table 12).⁸⁶

Table 14. Cumbersomeness of administrative activities

Phase	Beneficiaries	Unsuccessful applicants
	Respondents considering the process cumbersome	Respondents considering the process cumbersome
Application	33%	27%
Grant award and contracting	14%	n.a.
Reporting	33%	n.a.

Note: N.a. stands for not applicable. Sample: 49 beneficiaries and 60 unsuccessful applicants for phase #1, 52 for phase #2, and 51 for phase #3. Outliers: respondents included in the top 10% for person-days in each phase. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with beneficiaries and unsuccessful applicants.

⁸⁶ See footnote 8282.

Table 15. Time savings stemming from improvements

Phase	Beneficiaries		Unsuccessful applicants	
	Reduction in time spent if suggestion were accepted	Respondents	Reduction in time spent if suggestion were accepted	Respondents
Application	49%	9	51%	9
Grant award and contracting	64%	4	n.a.	n.a.
Reporting	43%	14	n.a.	n.a.

Source: Authors' elaboration on online survey and interviews with beneficiaries and unsuccessful applicants.

8.3 Operational conclusions

Regulatory costs to perform all the administrative activities linked to the Hercule III Programme (application, grant award and contracting, reporting) appears to **yield "value for money"**.

Nevertheless, any **simplification of the administrative activities** performed by applicants and beneficiaries would improve the overall efficiency of the Programme. In this respect, some of the stakeholders' suggestions for improvement (see Section 8.2) could be implemented. It is worth remarking that feasibility and ultimate impacts of such suggestions should be further investigated for the following reasons: i) most of respondents do not consider the administrative process cumbersome; ii) whereas almost all respondents that considered the process cumbersome suggested actions to make it more efficient, there is limited agreement on the specific actions to be undertaken, the only exceptions being digitising the process and reducing the information obligations; iii) some regulatory obligations are inherent to EU procurement and cannot be simplified given the current legal framework; iii) room for simplification is also limited by regulatory obligations set out by the Regulation, which determines the administrative processes and related workflows linked to the Programme (see Annex H for further details).

Against this background, bearing in mind that basic regulatory obligations generate some fixed costs (irrespective of the value of the grant awarded), it could be considered to **further raise the minimum budget for AFT and, especially, LTS actions**. This solution has already proven to be quite effective for AFT actions: the minimum budget set in 2015 (€50,000, which was above the average grant requested by beneficiaries in 2014) led to an increase in the average grant requested by beneficiaries, without affecting regulatory costs, thus reducing the share of the grant spent on administrative activities to comply with the Programme's contractual obligations.

9 EU ADDED VALUE

HIGHLIGHTS

- Results and benefits stemming from actions funded by Hercule III would not materialise without the support of the Programme or equivalent EU funding. Consulted stakeholders almost unanimously recognised the added value of the Programme and its essential contribution to generating unique results and benefits.
- Hercule III allows for better protection of EU external borders with positive spillover effects for all MS.
- Hercule III enables cross-border cooperation, cross-border exchange of information and cross-border exchange of best practices. It also facilitates long-lasting cooperation across borders, especially among participants in events funded by the Programme.
- The Programme allows for a more efficient use of resources than national/regional interventions in the same field do, for instance by generating cost savings or striking better deals.
- Transparency and reporting requirements, which beneficiaries are requested to abide by, improve planning, monitoring and quality standards of beneficiary organisations. This additional achievement confirms the EU added value generated by the Programme; it also has a positive impact on the management of financial resources provided by Hercule III.

Article 13.2(a) of the Regulation requires assessment of the “*added value to the Union*” of the Hercule III Programme. **The EU added value captures the additional impacts generated by the Programme at the EU level**, as opposed to leaving the subject matter in the hands of national and regional authorities (Chapter 2). This Chapter addresses two EQ by relying on a mix of primary and secondary data and information. Primary data are collected via semi-structured interviews and online surveys with EU and national institutions, beneficiaries of actions, participants in events and users of services. Secondary data are gathered by reviewing calls for proposals and other documentary evidence (i.e. application forms and reporting documents) available for actions funded in 2014 and 2015.

9.1 EQ8: Has the Programme allowed delivering results that could not, or to a lesser extent, be achieved by interventions undertaken at national or regional level?

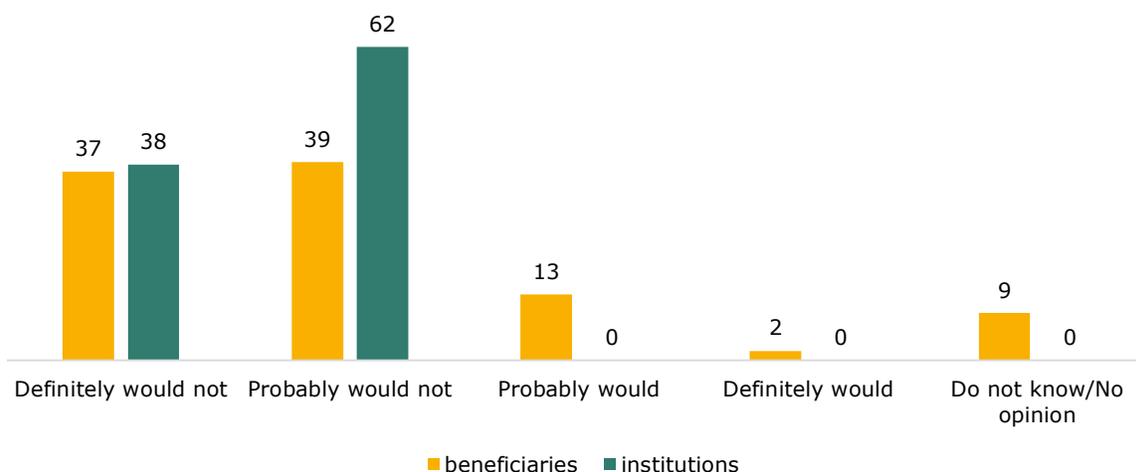
In line with the Evaluation Framework (Chapter 2), EQ8 is answered by assessing the achievement of results that could not be otherwise attained with national or regional interventions as well as by examining the extent to which the Hercule III Programme enables cross-border cooperation, exchange of information, experiences and best practices, and common use of databases and equipment.

9.1.1 Results that could not be otherwise achieved

Consulted stakeholders almost unanimously recognised the added value of the Programme and its essential contribution to generating unique results and benefits. In fact, the vast majority of beneficiaries (76%)⁸⁷ and all the EU and national institutions consulted for this Assignment emphasised that the results and benefits stemming from Hercule III actions would (either probably or definitely) not materialise without the support of the Programme or equivalent EU funding (Figure 24).

When scrutinising the reasons why comparable benefits would not be generated, the lack of budget to fund similar actions appears to be the main reason according to both institutions and beneficiaries. In the same vein, most of the beneficiaries explained that there are no national/regional programmes available to fund similar actions. A large share of institutions interviewed for this Assignment also stated that EU interventions funded by Hercule III generate better results and more benefits than comparable national/regional interventions. This statement was confirmed by several beneficiaries. Interestingly, only a limited number of respondents argued that there is no interest in spending own financial resources on similar actions.

Figure 24. Would the results and benefits of actions funded by the Programme also be generated in the absence of the Programme? (% of respondents)



Unit: Percentage of respondents.

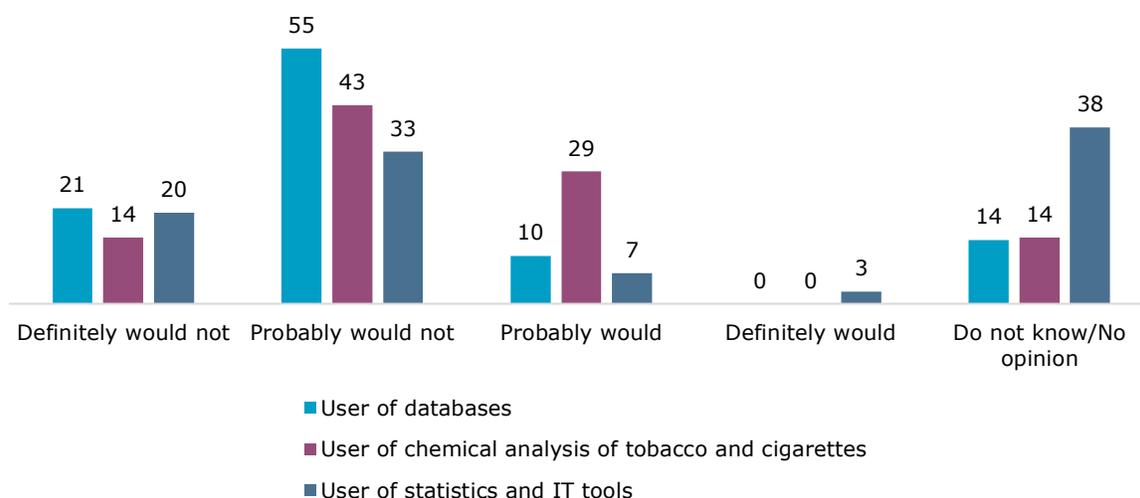
Note: Beneficiaries: 55 respondents. Institutions: 13 respondents. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with institutions and beneficiaries.

⁸⁷ This finding holds when segmenting beneficiaries by category of action.

Similarly, almost 60% of the users of services provided by the Hercule III Programme who participated in the online survey emphasised that their organisation would (either probably or definitely) not be able to purchase the same service without the support of the Programme (Figure 25).

Figure 25. Would your organisation be able to purchase the same services with its own resources in the absence of the Programme? (% of respondents)



Unit: Percentage of respondents.

Note: 112 respondents. For population coverage, see Table 2.

Source: Authors' elaboration on online survey with users of services.

The majority of informed stakeholders⁸⁸ from all categories also confirmed that the Programme allows for better protection of EU external borders with positive spillover effects for other MS (Figure 26).⁸⁹ This conclusion further corroborates the ability of the Programme to generate impacts at the EU level that are beneficial to all MS.

An in-depth review of documentary evidence (i.e. application forms and reporting documents) helped assess the potential impact⁹⁰ of funded actions on the EU added value of the Programme. **Reporting documents for AFT actions confirm that the results would not have been otherwise achieved in the absence of the Programme.** The share of LTS and TA actions confirming this finding is lower.⁹¹ By

⁸⁸ These exclude respondents that selected the "Do not know/No opinion" or "Not Applicable" answer.

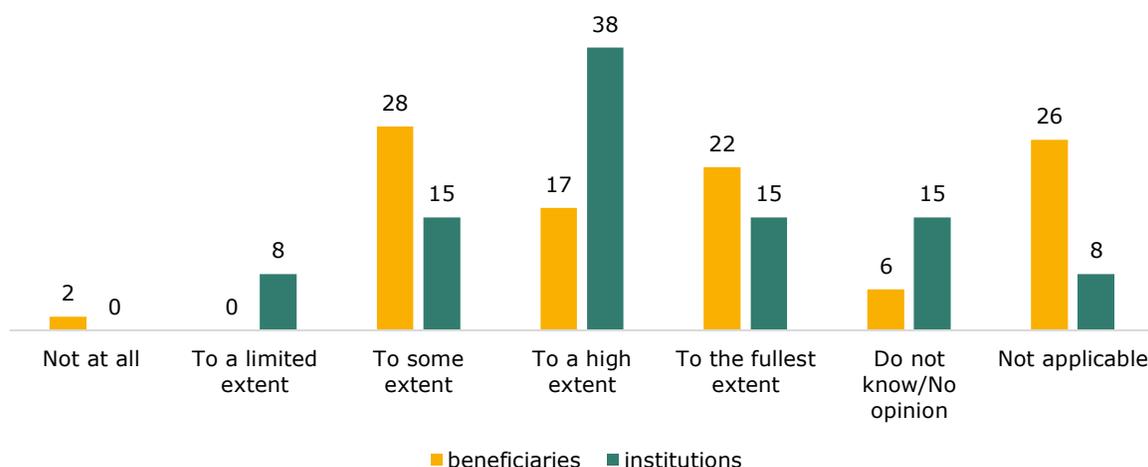
⁸⁹ This finding holds when segmenting beneficiaries by category of action.

⁹⁰ As only a limited number of reporting documents were available when reviewing documentary evidence, most of the analysis is based on application forms describing the potential rather than the actual impact of Hercule III actions.

⁹¹ It is worth stressing that conclusions for 40% of the LTS actions and 100% of the TA actions are based on application forms, as reporting documents were not available when reviewing documentary evidence.

contrast, **TA actions appear to provide a prominent contribution to the protection of EU external borders with benefits for other MS.**

Figure 26. Do the actions funded by the Programme allow for better protection of EU external borders with benefits for other MS? (% of respondents)



Unit: Percentage of respondents.

Note: Beneficiaries: 55 respondents. Institutions: 13 respondents. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with institutions and beneficiaries.

Table 16. Percentage of actions generating EU added value

	AFT	LTS	TA	Total
Results otherwise not achievable with national/regional interventions	100%	50%	5%	44%
Protection of EU borders with benefits for other MS	32%	6%	61%	41%

Note: For TA, results are based on information sourced from application forms. For LTS, 37.5% of the results are based on information sourced from application forms. For AFT, 4% of the results are based on information sourced from application forms.

Source: Authors' elaboration on application forms and available reporting documents.

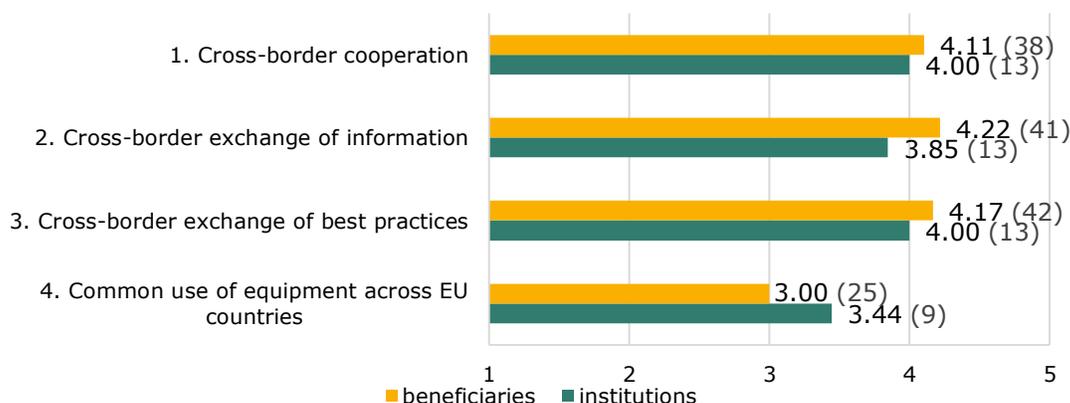
9.1.2 Cross-border cooperation

When it comes to the cross-border dimension, stakeholders' feedback is also largely positive and confirms the EU added value of the Programme (Figure

27).⁹² More specifically, the majority of beneficiaries and institutions consulted for this Assignment stressed that the Programme enables cross-border cooperation, cross-border exchange of information and cross-border exchange of best practices either to a high extent or to the fullest extent. Common use of equipment appears to be on average the less popular form of cross-border cooperation; the reason is that only very recently has the Programme initiated a dedicated action aiming to centralise the procurement of technical equipment (e.g. GPS trackers). In fact, a large number of respondents selected either the “Do not know/No opinion” or “Not Applicable” answer for this dimension. Nonetheless, some interviewees stressed that the common use of equipment may allow for greater interoperability and have positive spillover effects on cross-border cooperation and exchange of information.

The contribution generated by the Programme to cross-border activities is confirmed by feedback from participants in events surveyed for this Assignment. The majority of informed respondents⁹³ emphasised that participating in events funded by Hercule III allowed the exchange of experience, best practices and information related to the PFI with both participants from the same MS and participants from other MS either to a high extent or to the fullest extent.

Figure 27. To what extent did the actions funded by the Programme lead to cross-border cooperation, exchange of information and/or best practices and/or common use of equipment? (Average evaluation; number of respondents)



Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

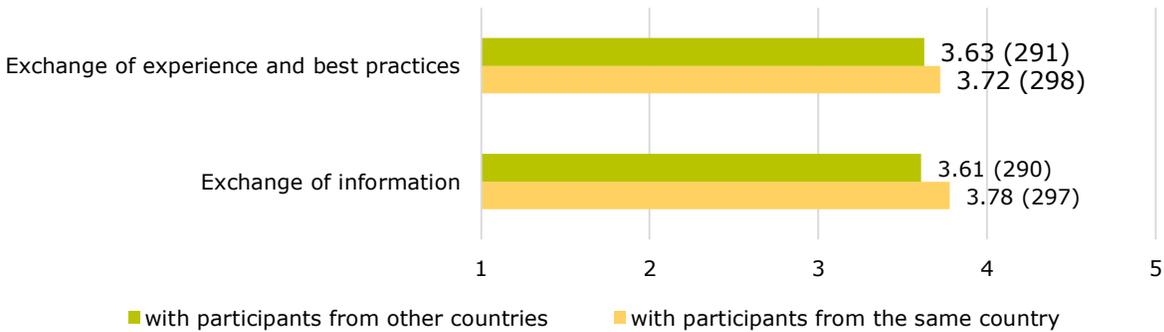
Note: Number of informed respondents in brackets. Differences in number of respondents across dimensions are due to respondents selecting the “Do not know/No opinion” or “Not Applicable” answer. For population coverage, see Table 2.

Source: Authors’ elaboration on online survey and interviews with institutions and beneficiaries.

⁹² This finding holds when segmenting beneficiaries by category of action. Yet beneficiaries of TA provided relatively less positive feedback than AFT and LTS beneficiaries did for all the surveyed dimensions.

⁹³ These exclude respondents that selected the “Do not know/No opinion” or “Not Applicable” answer.

Figure 28. To what extent did the event allow exchanging information, experience and best practices related to the protection of EU financial interests with other participants? (Average evaluation; number of participants)



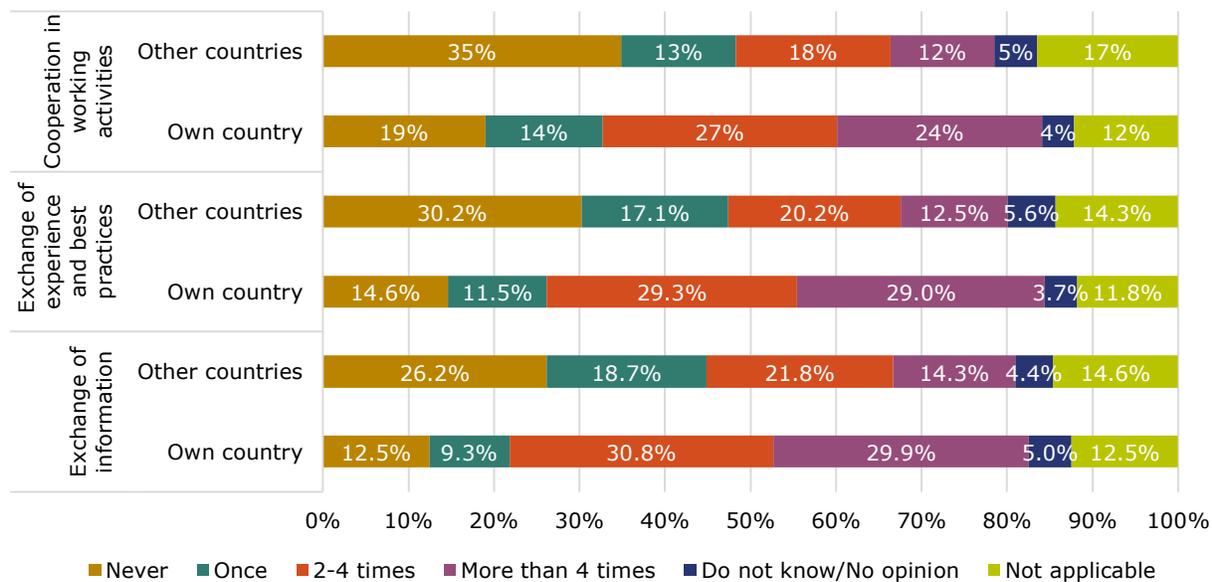
Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

Note: Number of informed respondents in brackets. Differences in number of respondents across dimensions are due to respondents selecting the "Do not know/No opinion" or "Not Applicable" answer. For population coverage, see Table 2.

Source: Authors' elaboration on online survey with participants in events.

The Programme enabled long-lasting cooperation across borders. In fact, after the event, about 44% of respondents cooperated in working activities with participants from other countries at least once; more than 65% of respondents cooperated with participants based in their own country. In the same vein, almost 50% of respondents exchanged experience and best practices with participants from other countries at least once, whereas about 70% of respondents exchanged with participants from their own country at least once. Finally, almost 55% of respondents exchanged information with participants based in other countries and 70% with participants based in their own country (Figure 29).

Figure 29. After the event, how often have you exchanged information, experience and best practices related to the PFI with other participants and/or have you cooperated with them in working activities?



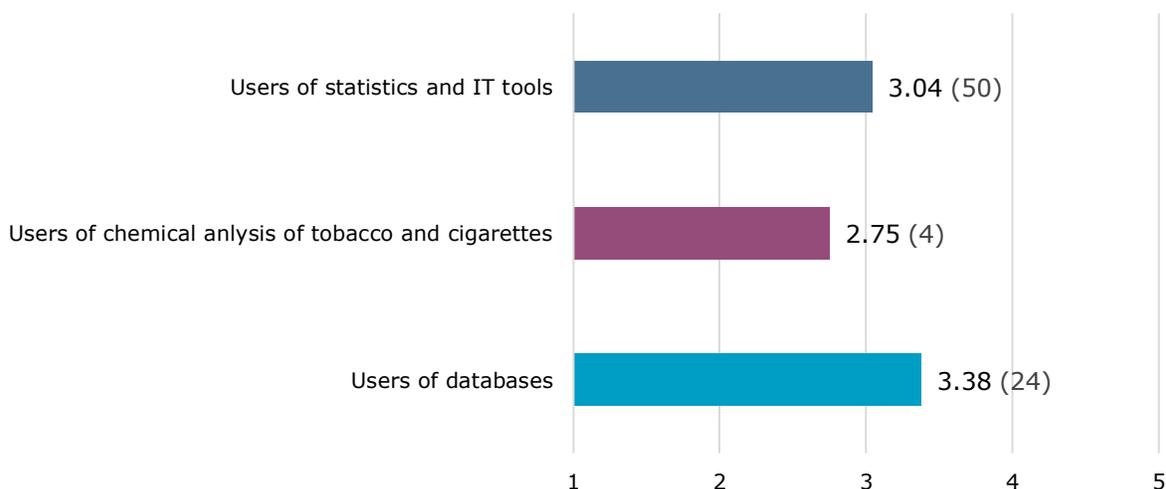
Unit: Percentage of respondents.

Note: 321 respondents. For population coverage, see Table 2.

Source: Authors' elaboration on online survey with participants in events.

In this context, it is worth remarking that **databases and statistics IT tools provided by Hercule III enabled** (at least to some extent) **cooperation with foreign authorities and helped to carry out cross-border operations** (Figure 30). The only exception is represented by services to carry out chemical analysis of samples from tobacco and/or cigarette seizures; for this dimension, the few users participating in the survey have suggested a limited contribution to cross-border activities.

Figure 30. To what extent did the services provided by the Programme foster cooperation with foreign authorities and help perform cross-border operations? (Average evaluation; number of respondents)



Scale: (1) not at all; (2) to a limited extent; (3) to some extent; (4) to a high extent; or (5) to the fullest extent.

Note: Number of informed respondents in brackets. For population coverage, see Table 2.

Source: Authors' elaboration on online survey with users of services.

The key role played by Hercule III in fostering cross-border cooperation among participants in events is further corroborated by evidence retrieved from reporting documents of AFT actions (see Annex G). Whereas only 20% of participants in AFT events funded in 2014 and 2015 came from a country other than the MS where the event was held (Figure 51), on average participants expressed a very positive assessment when it comes to the possibility of further discussing the topic of the event with colleagues from other countries, including cross-border cooperation, cross-border exchange of information, and the creation of professional network across borders (Figure 53).

The review of application forms and reporting documents for all actions funded in 2014 and 2015 helped capture some evidence of the potential impact of the Programme on cross-border cooperation. **The majority of funded actions are expected to generate benefits in terms of exchange of information and best practices between MS as well as cross-border cooperation.** However, results vary according to the category of action. Whereas most of the AFT and LTS actions placed emphasis on cross-border exchange of information and best practices as well as cooperation with other MS, TA actions appear to contribute less to this specific dimension of the EU added value.

Table 17. Percentage of actions enabling cross-border cooperation

	AFT	LTS	TA	Total
Exchange of information and best practices	100%	88%	45%	71%
Cooperation with other MS	76%	94%	24%	54%

Note: For TA, results are based on information sourced from application forms. For LTS, 37.5% of the results are based on information sourced from application forms. For AFT, 4% of the results are based on information sourced from application forms.

Source: Authors' elaboration on application forms and available reporting documents.

Positive results in terms of cross-border cooperation contribute to the achievement of the first two operational objectives of the Programme⁹⁴ as well as to new potential objectives suggested by stakeholders such as facilitating mutual administrative assistance between MS or strengthening cooperation in activities that fall beyond national priorities (e.g. cross-border investigations for VAT carousels). It is worth remarking that **these positive results in terms of cross-border cooperation would not have been achieved via national interventions**. In fact, several problems identified in the IA that the Programme intends to address are generated by inadequate national solutions; these problems include, for instance, lack of awareness and expertise to prevent and detect fraud, insufficient and ineffective information-sharing, shortcomings in the ability of competent authorities to cooperate, difficulties in creating information exchange mechanisms, and gaps in skills, expertise and sharing of best practices among national competent authorities. Interestingly, some of the new challenges to the PFI suggested by consulted stakeholders (e.g. the differences in the interpretations of digital evidence by national authorities or the insufficient exchange of information on modern technologies) are also rooted in the lack of cooperation across national authorities, which can only be addressed via EU intervention.

9.2 EQ9: Does the intervention at the EU level provide added value in terms of the efficient use of financial resources as compared to a possible intervention at national level?

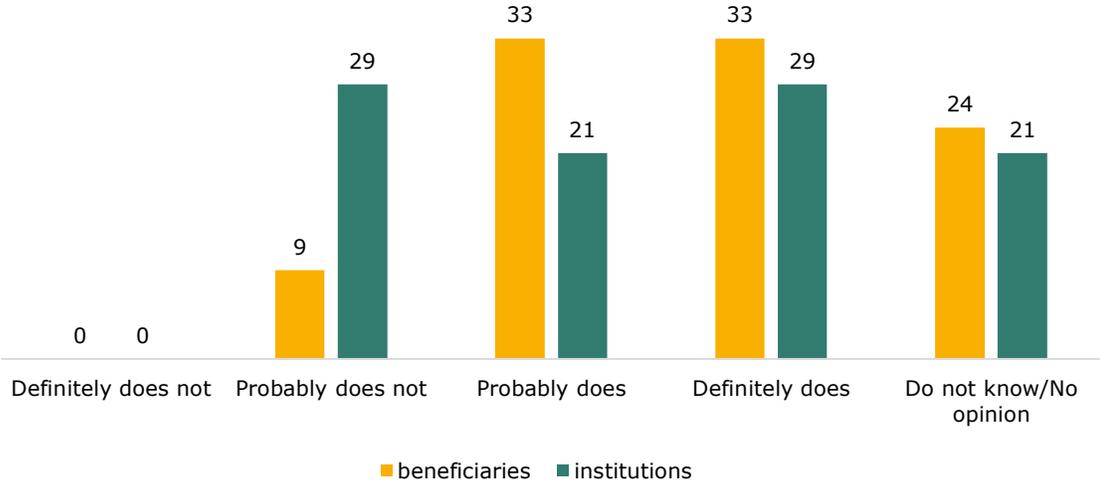
Based on the Evaluation Framework (Chapter 2), EQ9 is answered by assessing whether the Programme ensures savings compared to national or regional interventions. In addition, it is assessed whether the transparency and reporting requirements established by the Programme bring improvement to beneficiary organisations, with positive effects on the management of financial resources.

⁹⁴ "Enhancing transnational and multidisciplinary cooperation" and "Facilitating the exchange of information, experience and best practices related to the PFI".

Both **beneficiaries of actions funded by Hercule III and relevant EU and national institutions emphasised that the Programme allows for a more efficient use of financial resources than national interventions.** More specifically, 67% of the consulted beneficiaries and 50% of institutional stakeholders explained that the Hercule III Programme (either probably or definitely) allows for a more efficient use of resources, for instance by generating cost savings or striking better deals than national/regional funds in the same field (Figure 31).⁹⁵

Furthermore, 67% of beneficiaries stated that **the transparency and reporting requirements, which they are requested to abide by in order to benefit from a grant under the Programme, have the indirect effect of improving** (at least to some extent) **the planning, monitoring and quality standards** within their organisation (Figure 32).⁹⁶ This finding was confirmed by 85% of institutional stakeholders. Better planning, monitoring and quality standards are *per se* achievements confirming the EU added value generated by the Programme; in addition, they have a positive impact on the management of financial resources provided by Hercule III.

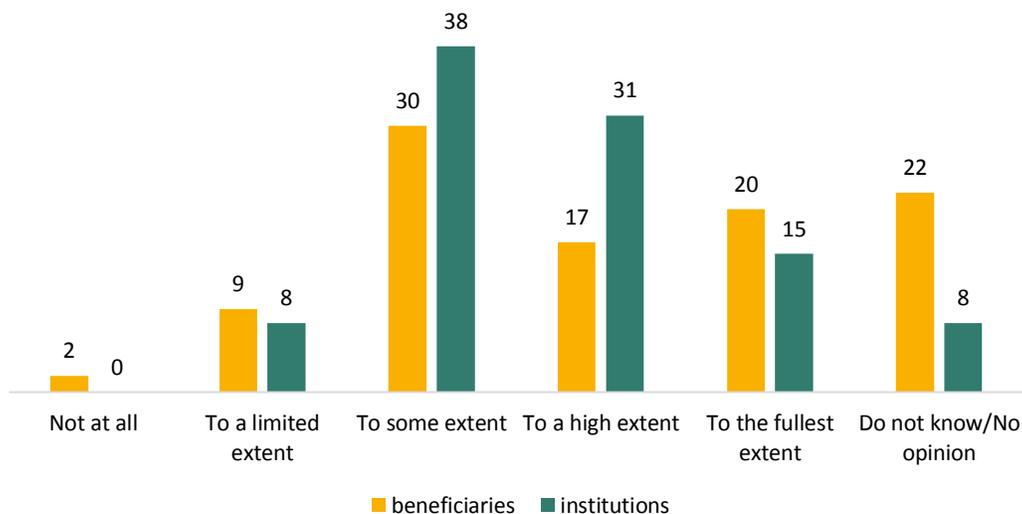
Figure 31. Does the Programme allow for a more efficient use of financial resources than national/regional funds in the same field? (% of respondents)



Unit: Percentage of respondents.
Note: Beneficiaries: 55 respondents. Institutions: 13 respondents. For population coverage, see Table 2.
Source: Authors’ elaboration on online survey and interviews with institutions and beneficiaries.

⁹⁵ This finding holds when segmenting beneficiaries by category of action.
⁹⁶ This finding holds when segmenting beneficiaries by category of action.

Figure 32. To what extent do the transparency and reporting requirements of the actions funded by the Programme bring improvements in the planning, monitoring, and quality standards within beneficiary organisation? (% of respondents)



Unit: Percentage of respondents.

Note: Beneficiaries: 55 respondents. Institutions: 13 respondents. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with institutions and beneficiaries.

9.3 Operational conclusions

The Programme performs well in all relevant EU added value dimensions by achieving results that could not be otherwise achieved by national/regional interventions, especially in terms of cross-border cooperation, protection of EU external borders, efficient use of resources and general improvements in the way beneficiary organisations manage financial resources. Insofar as the cross-border dimension of the Programme appears to address many problems that are currently affecting the PFI, and considering that TA actions contribute relatively less to this specific dimension of the EU added value, **more TA grants could be directed to TA actions involving competent authorities from two or more MS.**

10 SUSTAINABILITY

HIGHLIGHTS

- The actions funded by the Programme will continue producing benefits, even after their completion.
- Nonetheless, a substantial share of beneficiary organisations would not continue performing actions that are now eligible for funding, should the Programme be terminated.
- Therefore, benefits generated by Hercule III in terms of increased protection of EU financial interests are likely to fade away if the Programme is terminated.

The assessment **of the Programme’s sustainability refers to the likelihood that Hercule III actions will continue generating positive effects after their completion** (Chapter 2). More specifically, in the context of this Assignment, the sustainability criterion is covered by one EQ, which is answered in what follows by relying on both primary information (collected via semi-structured interviews and online surveys with EU and national institutions as well as beneficiaries of actions funded by the Programme) and reporting documents available for actions funded in 2014 and 2015.

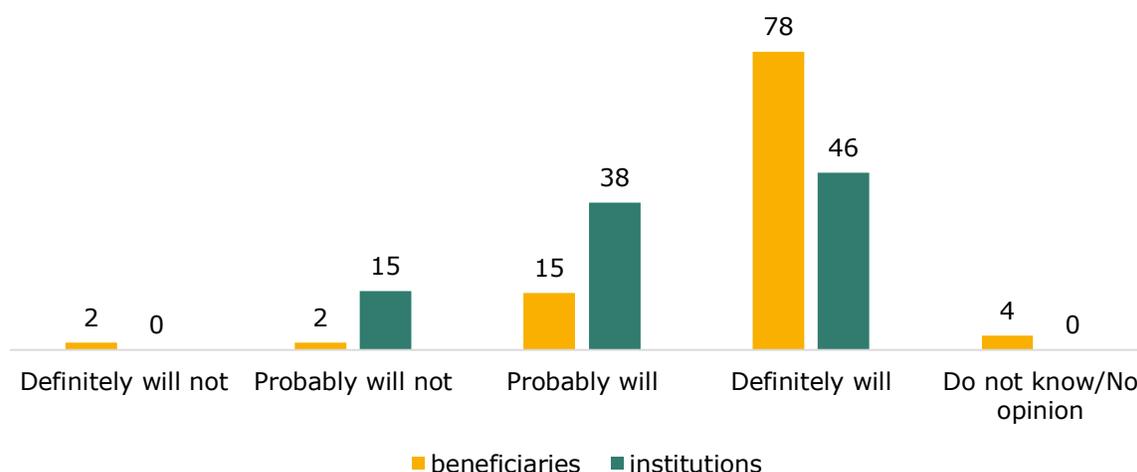
10.1 EQ10: To what extent are the (positive) effects of the intervention likely to last after the intervention has ended?

This EQ requires to assess the extent to which the results achieved by Hercule III are expected to last if funding provided by the Programme would not be available in the future (see Evaluation Framework; Chapter 2).

Against this background, feedback from stakeholders provides a mixed picture. On the one hand, the large majority of beneficiaries and institutions consulted for this Assignment believe that **actions funded by the Programme will continue producing benefits, even after their completion** (Figure 33).⁹⁷ More specifically, 78% of beneficiaries and 46% of institutional stakeholders suggested that Hercule III actions definitely will keep on generating benefits. This conclusion can be explained by the fact that TA actions allow for purchasing devices, tools and systems that are used by beneficiaries over several years; in addition, events co-financed by AFT and LTS actions permit long-lasting cross-border cooperation among participants (see Figure 29 in Section 9.1.2) and allow participants to acquire skills and knowledge that they then use in their work (see Figure 18 in Section 7.1.2.2.1)

⁹⁷ This finding is confirmed when segmenting beneficiaries by category of actions.

Figure 33. Will the actions funded by the Programme continue producing benefits after their completion? (% of respondents)



Unit: Percentage of respondents.

Note: Beneficiaries: 54 respondents. Institutions: 13 respondents. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with beneficiaries and institutions.

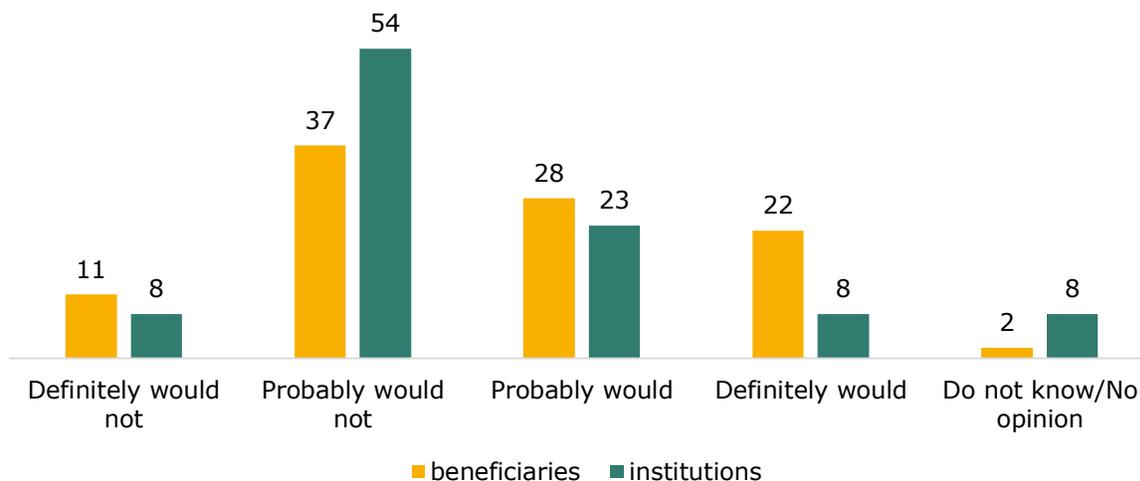
On the other hand (Figure 34), about half of the consulted beneficiaries and 60% of interviewed institutions explained that **beneficiary organisations would** (either probably or definitely) **not continue performing actions that are now eligible for funding should the Programme be terminated**.⁹⁸

This conclusion is in line with findings stemming from **documentary evidence**. In fact, when preparing the Final Technical Report, beneficiaries of AFT and LTS actions are asked whether they will keep on performing the action funded by the Programme after the EU's financial support has come to an end. In this respect, the review of available reporting documents allowed for collecting information on sustainability for 21 out of 25 AFT actions funded by grants in 2014 and 2016 and 9 out of 16 LTS actions funded by grants in the same period. In line with feedback from consulted beneficiaries, more than **50% of the reviewed actions (57% for AFT and 44% for LTS) will not continue in the absence of EU funding**.

In addition, this conclusion is also aligned with **results presented in the Chapter discussing the EU added value** of the Programme (see Section 9.1.1): the lack of internal funds as well as of national programmes to fund comparable actions is expected to impinge on beneficiaries' ability to keep on performing actions that are now funded by the Programme.

⁹⁸ When segmenting beneficiaries by category of actions, the share of AFT beneficiaries providing a negative answer (either 'probably would not' or 'definitely would not') is slightly larger than the share of LTS beneficiaries, which in turn is larger than the share of TA beneficiaries.

Figure 34. Should the Programme be terminated, would beneficiary organisations keep on performing actions that are now eligible for funding under the Programme? (% of respondents)



Unit: Percentage of respondents.

Note: Beneficiaries: 54 respondents. Institutions: 13 respondents. For population coverage, see Table 2.

Source: Authors' elaboration on online survey and interviews with beneficiaries and institutions.

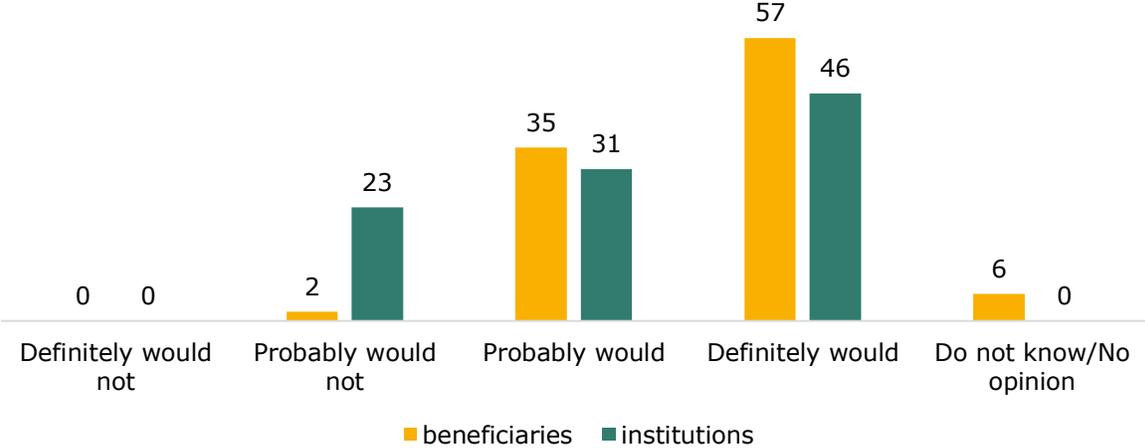
Finally, according to the majority of respondents, the Hercule III Programme plays a decisive role in protecting EU financial interests. In fact, 92% of beneficiaries and 77% of institutions believe that **the PFI would** (either probably or definitely) **be harmed should the Programme be terminated** (Figure 35).⁹⁹

10.2 Operational conclusions

The Assignment reveals that whereas **the positive effects of the actions already funded by the Programme are likely to last**, the overall benefits generated by Hercule III in terms of increased PFI are likely to fade away if the Programme is terminated. Therefore, **it is suggested that the Programme be continued** in order to ensure at least a comparable level of PFI in the coming years.

⁹⁹ This finding is confirmed when segmenting beneficiaries by category of actions.

Figure 35. Should the Programme be terminated, would the PFI be harmed? (% of respondents)



Unit: Percentage of respondents.
 Note: Beneficiaries: 54 respondents. Institutions: 13 respondents. For population coverage, see Table 2.
 Source: Authors’ elaboration on online survey and interviews with beneficiaries and institutions.

11 CONCLUDING REMARKS

The Assignment confirms that **Hercule III performs well in all the six evaluation criteria under investigation**. Therefore, the overall evaluation of the Programme is positive. Nonetheless, some improvements, which are summarised below, could be introduced to improve the performance of Hercule III and future editions of the Programme.

The Programme's **relevance** is confirmed by the fact that: i) the specific and operational objectives that the Programme aims to achieve are still relevant to the PFI; and ii) all eligible actions contribute to the attainment of the Programme's objectives. In addition, the needs and problems identified by the IA are still relevant to the PFI: meeting the needs and solving the problems addressed by Hercule III requires ongoing commitment. Some stakeholders consulted for this Assignment also suggested **expanding the scope of the Programme** by: i) considering other problems affecting the PFI; ii) targeting additional operational objectives; and iii) funding new specific actions.¹⁰⁰ The Commission, to the extent possible and compatible with the available budget, could consider these suggestions in order to improve the relevance of both the current and next editions of the Programme. Any scope expansion should consider the interactions with the current scope of the Programme and of other EU-funded programmes to ensure both internal and external coherence.

In this respect, the current budget allocation across different categories and types of actions co-financed via grant agreements ensures the **internal coherence** of the Programme. This dimension is further improved by actions funded via procurement, which usually cover topics that are relevant to the PFI and not addressed by grant applications, thus creating synergies across funded actions as well as across national authorities active in the PFI. Therefore, **no change in the overall allocation of funds is required** in the second phase of Hercule III, unless the scope of the Programme slightly changes to fund new specific activities. Preparation of the next edition of the Programme, however, should take into account the limited interest shown by beneficiaries thus far in "*services to store and destroy seized cigarettes and other counterfeit goods*". When it comes to the **external coherence**, the results of the stakeholder consultation indicated limited room for both synergies and overlaps between Hercule III and other EU-funded programmes. At any rate, in cases where these programmes interact, consulted stakeholders detected more synergies than overlaps. Although formal mechanisms of coordination across Commission services are more effective at avoiding overlaps than they are at boosting synergies, the latter are ensured by informal coordination at the operational level. Any new formal coordination mechanisms aiming to increase synergies, however, should be carefully devised in order to avoid inflating Commission workload and generating delays in the

¹⁰⁰ It is worth remarking that some stakeholders stressed the need to contain the number of eligible actions, thus avoiding dispersion of funds for too many activities.

functioning of the programmes. If fighting against corruption and VAT fraud becomes more central in Hercule III in order to increase its relevance, it is advised to maximise synergies with other programmes managed by DG TAXUD and DG HOME, which touch upon these two crimes that harm the PFI.

The Programme appears to be **effective**, as funded actions contributed to the achievement of all the objectives of the Programme. The Programme also prepares national authorities to cope more effectively with external factors (e.g. the ability of fraudsters to adapt quickly to new circumstances at the EU level) that affect the achievement of the Programme's objectives and pose a threat to the PFI. Actual **outputs** (i.e. the most immediate results) of all actions are generally aligned with expected outputs. Nonetheless, **more funds could be allotted to staff exchanges** between national administrations; for this purpose, a new specific TA action could be introduced in the Annual Work Programme. Consulted beneficiaries also confirmed the alignment between actual and expected **outcomes** (i.e. the short-/medium-term changes affecting the Programme's addressees) for all actions. To better attain some of the operational objectives of the Programme and improve its overall EU added value, however, it is suggested to **foster international participation in AFT and LTS events co-financed by Hercule III**. When it comes to TA actions, it is not possible to draw robust conclusions, as many actions are still ongoing (or only recently concluded) and it is too early to measure outcome indicators. In this respect, two main considerations can be made. First, when drafting the regulation for the next edition of the Programme, **a one-year shift in the deadline for preparing the next mid-term evaluation is advised**; this would allow for a more complete accounting of TA action outcomes. Second, the **outcome indicators spelled out in Article 4 of the Regulation could be simplified** by introducing elements of flexibility to better reflect the content of specific actions and make the reporting phase less burdensome; this would allow for a more accurate assessment of the effectiveness of the Programme and improve its efficiency. Whereas the **long-term impacts** of the Programme cannot be captured by a mid-term evaluation, official statistics on reported fraud and irregularities reveal that Hercule III and future editions of the Programme should **invest more in protecting EU financial interests on the expenditure side of the budget, as well as in fighting corruption and VAT fraud**; this would also have a positive impact on the Programme's relevance. At any rate, it is worth stressing that available statistical evidence is quite fragmented and makes it rather difficult to measure the impact of the Programme.

The desired effects of the Programme have been attained at reasonable costs. In fact, when comparing the average regulatory costs faced by beneficiaries to participate in the Programme with the "expected value" of the requested grant, it is apparent that Hercule III yields "value for money". Most of consulted stakeholders do not consider the administrative process burdensome. Nonetheless, any **simplification of the regulatory obligations** would improve the overall **efficiency** of the Programme, especially for LTS actions, which perform relatively worse than

AFT and TA actions when it comes to “value for money”. In this respect, consulted stakeholders provided some suggestions to **streamline all the phases of the process** (application, grant award and contracting, reporting) and converged on the need to digitise the process and reduce information obligations. The room for simplification is, however, limited by regulatory obligations that are inherent to EU procurement and those that are set out by the Regulation. Therefore, further raising the minimum budget for AFT and, especially, LTS actions could be another effective solution. The efficiency of the Programme is further confirmed by cost-effectiveness indicators for AFT and LTS actions. By contrast, no conclusions in terms of cost-effectiveness can be drawn for TA actions, as outcome indicators are still unavailable. The assessment of such indicators could benefit from the same improvement suggestions above for outcome indicators (postponing the deadline for the mid-term evaluation of the next edition of the Programme; devising more flexible outcome indicators).

The Programme provides **EU added value**. In fact, it allows for attaining results and benefits that would not otherwise materialise without EU support. Hercule III, *inter alia*, enables better protection of EU external borders with positive spillovers for all MS, cross-border cooperation and cross-border exchange of information and best practices. It also allows for a more efficient and transparent use of financial resources than comparable national/regional interventions. In this context, to further improve the EU added value of the Programme, it is suggested that **cross-border cooperation in TA actions be increased** (for instance, by funding actions involving authorities from several MS or by introducing a new action aiming to foster staff exchanges across borders) and, to the extent possible, **invest more in centralised procurement of technical equipment**. These measures could also have a positive impact on the coherence and effectiveness of the Programme.

Finally, with regard to the **sustainability** criterion, the actions funded by the Programme will continue to produce positive effects after their completion. The benefits generated by Hercule III, however, would progressively fade away if the Programme is terminated. Therefore, to ensure an adequate level of PFI, **it is suggested that a new edition of the Programme be funded**.

The results of this Assignment are broadly aligned with those of the final evaluation of the Hercule II Programme.¹⁰¹ In fact, the former confirm the ability of the Programme to attain its objectives at reasonable costs as well as its EU added value, sustainability and coherence.¹⁰² The recommendation to maintain the same structure of the Programme has proven to be effective, and is reiterated by this Assignment. Feedback from users of services consulted for this Assignment shows that **progress has been made when it comes to centralised IT support** (e.g.

¹⁰¹ See European Commission (2015), Report from the Commission to the European parliament and the Council: *Report on the achievement of the objectives of the Hercule II Programme*; and Ramboll (2015), *Evaluation of the Hercule II Programme*, Final Report, European Commission.

¹⁰² The relevance criterion was not covered by the final evaluation of Hercule II.

databases, statistics and IT tools), whose potential was not fully exploited by Hercule II. There is still room for **improving staff exchanges and international networking** as well as **coordinating and/or centralising the purchase of equipment**, which were two areas of improvements also emphasised by the final evaluation of Hercule II. Formal mechanisms of coordination across Commission services appear to work better than under Hercule II when it comes to avoiding overlaps; yet **more could be done to enhance synergies across EU-funded programmes**. Finally, although the Commission's ability to monitor the results of actions funded by the Programme has improved, monitoring of outcomes and impacts still requires some fine-tuning (e.g. by revising the indicators spelled out in Article 4 and then requested in Final Technical Reports of TA actions, or funding studies providing a more comprehensive collection of national data to measure statistics concerning the PFI).

To conclude, some assessments of the contribution thus far of Hercule III to the **Europe 2020 strategy for smart, sustainable and inclusive growth can be made**.¹⁰³ The Programme does not directly contribute to the five headline targets identified by the Europe 2020 strategy. In principle, preventing and combatting fraud, corruption and other illegal activities against EU financial interests allow for: i) securing a larger amount of financial resources to pursue EU initiatives that aim to achieve the headline targets (revenues); and ii) ensuring that such resources are spent to foster smart, sustainable and inclusive growth rather than illegally diverted to other ends (expenditures). In this respect, the effectiveness of the Programme in contributing to the Europe 2020 strategy would benefit from the allocation of a larger share of the Hercule III budget to actions that aim to protect the expenditure side of the EU budget. This is particularly true when it comes to cohesion policy and its structural funds, which are key delivery mechanisms for attaining the priorities of Europe 2020. In addition, the increased protection of EU external borders stemming from Hercule III actions contributes to creating a level playing field between EU businesses and their competitors based in third countries, which is considered another key aspect to ensuring the timely achievement of Europe 2020's targets.

Against this background, the following **operational recommendations** could be implemented, subject to an impact assessment:

- Funding a new edition of the Programme.
- Shifting the deadline for preparing the mid-term evaluation of next edition of the Programme by one-year.
- Simplifying the outcome indicators spelled out in Article 4 of the Regulation.
- Allotting more resources to:

¹⁰³ European Commission (2010), Communication from the Commission, *A strategy for smart, sustainable and inclusive growth*.

- the protection of the EU financial interests on the expenditure side of the budget;
 - the fight against corruption and VAT fraud;
 - international cooperation in the form of staff exchanges between national administrations, international participation in events funded by the Programme and cross-border cooperation in TA actions; and
 - centralised procurement of technical equipment.
- Ensuring that procurement contracts focus on actions that are: i) relevant to the PFI; ii) coherent with actions funded by grants; and iii) not otherwise funded via grant agreements
 - Reconsidering the allocation of funds to “services to store and destroy seized cigarettes and other counterfeit goods”.
 - Funding studies aiming to measure comprehensive statistics concerning the PFI.
 - Further improving the mechanisms to boost synergies across EU funded programmes.
 - Streamlining and digitising the administrative process to participate in the Programme.
 - Further raising the minimum budget for AFT and LTS actions.

ANNEXES

ANNEX A. THE INTERVENTION LOGIC OF THE HERCULE III PROGRAMME

The rationale for the intervention: “Why did the EU establish the Hercule III Programme?”

The identification of the intervention logic starts from the understanding of **the rationale underlying the Hercule III Programme**. In this respect, the Evaluation Team first identified the needs and problems that the Programme is supposed to address. Then, as a second step, the main objectives of the Programme were outlined.

Needs and problems

The Hercule III Programme intends to address the **needs** and **problems** highlighted by the **Commission’s Annual Reports under Article 325 TFEU** on the protection of EU financial interests¹⁰⁴ (hereinafter “PFI reports”) and, more generally, the **need to ensure that EU taxpayers’ money is correctly spent**.

In this context, the Impact Assessment accompanying the proposal for the Hercule III Regulation (hereinafter, “the IA”)¹⁰⁵ was based on the findings of the 2009¹⁰⁶ and 2010¹⁰⁷ PFI reports. With regard to **total Union expenditures**, irregularities steadily increased from 2008 to 2010 both in number and financial impact. In 2010, the estimated financial impact of these irregularities (including suspected fraud) was around €1.8 billion, with **fraud alone accounting for around €478 million**. Conversely, whereas the number of irregularities concerning the **EU Traditional Own Resources**¹⁰⁸ decreased between 2008 and 2010, their financial impact peaked in 2010 when the overall impact of irregularities was estimated to be €393 million, with suspected **fraud accounting for €139 million**. In addition, **illicit trade in cigarettes** was estimated to generate losses of **over €10 billion per year** in the budgets of both the EU and MS, mainly due to evaded customs duties, taxes and

¹⁰⁴ For further details, see the Annual Reports on the protection of the EU's financial interests (“PIF” Report), available at: https://ec.europa.eu/anti-fraud/reports_en.

¹⁰⁵ European Commission (2011), Commission Staff Working Paper, *Impact Assessment accompanying document to the Proposal for a Regulation of the European Parliament and of the Council on the Hercule III programme to promote activities in the field of the protection of the European Union’s financial interests*, SEC(2011)1610 final.

¹⁰⁶ European Commission (2010), Report from the Commission to the Council and the European Parliament, *Protection of the European Union's financial interests-Fight against fraud*, Annual Report 2009, COM(2010)382 final.

¹⁰⁷ European Commission (2011), Report from the Commission to the European Parliament and the Council, *Protection of the European Union's financial interests-Fight against fraud*, Annual Report 2010, (COM(2011)595 final.

¹⁰⁸ Traditional Own Resources of the EU mainly comprise customs duties (including agricultural levies) and sugar levies.

excise duties.¹⁰⁹ Finally, in 2010 a €135 billion VAT gap¹¹⁰ (13.53% of VAT Total Tax Liability) was estimated in 26 EU MS;¹¹¹ it is worth noting that this gap was higher than the one registered prior to the financial crisis.¹¹²

Table 18. Number of irregularities and amounts

	Number of irregularities			Estimated financial impact of irregularities (including suspected fraud), € millions			Estimated financial impact of suspected fraud, € millions		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Total expenditure	6,595	7,769	10,332	783	1,453	1,807	77	181	478
Total revenues (Traditional Own Resources)	6,075	5,204	4,744	375	357	393	75	103	139

Source: Authors' elaboration on PFI Reports.

Besides its significant financial impact, fraud also makes spending less effective, distorts competition, nourishes organised crime and ultimately impinges on **economic growth** as measured in the systems of national accounts. Moreover, with specific regard to the expenditure side of the budget, fraud has a negative impact on **the reputation of EU institutions** and EU-funded projects. With regard to the trade of illicit tobacco, financial impacts go along with organised crime activities and distort health policy strategies.

Against this background, the IA identifies **nine specific problems** to be addressed by the Hercule III Programme:

1. How to develop specialist knowledge and deploy state-of-the-art technologies for prevention, detection and investigation of fraud related to the EU budget.

¹⁰⁹ European Commission (2013), Communication from the Commission to the Council and the European Parliament, *Stepping up the fight against cigarette smuggling and other forms of illicit trade in tobacco products - A comprehensive EU Strategy*, COM(2013)324 final.

¹¹⁰ The VAT gap is the difference between expected VAT revenues and VAT actually collected.

¹¹¹ CASE (2016), Study and Reports on the VAT Gap in the EU-28 Member States: 2016 Final Report, European Commission, available at: https://ec.europa.eu/taxation_customs/sites/taxation/files/2016-09_vat-gap-report_final.pdf. Figures for 2010 do not include Cyprus (due to incomplete national accounts data) and Croatia, which joined the EU in July 2013.

¹¹² CPB and CASE (2013), *Study to quantify and analyse the VAT Gap in the EU-27 Member States*, available at: https://ec.europa.eu/taxation_customs/sites/taxation/files/docs/body/vat-gap.pdf.

2. How to respond to rapid development of organised crime activities in key sectors such as cigarette smuggling and counterfeiting.¹¹³
3. How to maintain public confidence in the EU project, especially in light of prospective enlargements and increasing EU expenditure in high-risk third countries.
4. Lack of awareness and expertise to prevent and detect fraud.
5. Insufficient and ineffective use of risk analysis and information sharing as regards EU fraud patterns.
6. Shortcomings in the ability and/or willingness of competent authorities to cooperate among themselves and/or with OLAF.
7. Difficulties in creating information exchange mechanisms and tools that are standardised, interconnected and adequate for transnational anti-fraud cooperation.
8. Differences in national administrative and judicial environments for investigating and prosecuting EU budget fraud.
9. Gaps in skills, expertise and sharing of best practices among national competent authorities.

Such problems are deemed to be affected by **five main drivers**:

1. Fraudsters adapt quickly to new circumstances at EU level, operate across borders and exploit the weakest points on the external border. This driver represents a particular threat to the revenue side of the EU budget, as it has a prominent impact on customs fraud; it chiefly affects problems #1, #2 and #3 in the above list.
2. The Commission and MS committed themselves to intensifying the fight against cigarette smuggling as a result of cooperation agreements with four major international cigarette manufacturers (see note 1).¹¹⁴ This driver has an impact on problems #1, #2, #5 and #9.
3. Pressure on public finance requires cost-efficient PFI through improved detection and prevention. In fact, in some MS, funding for control and investigation services is shrinking; in addition, and in spite of the principle of effective and equivalent PFI,¹¹⁵ MS may have suboptimal incentives to deal with threats to the EU budget rather than the national budget (e.g. customs fraud). This driver is deemed to be relevant to problems #1, #4 and #5.
4. The large number and varied nature of competent national and regional authorities in MS as well as candidate or associated countries. This driver, which also entails divergent application of criminal law and penal sanctions, affects problems #6, #7 and #8.

¹¹³ Illicit tobacco trade includes: i) international smuggling of genuine tobacco products; ii) international smuggling of counterfeit cigarettes; iii) illegal production and distribution within the EU (European Commission (2013), Communication from the Commission to the Council and the European Parliament, *Stepping up the fight against cigarette smuggling and other forms of illicit trade in tobacco products - A comprehensive EU Strategy*, COM(2013)324 final).

¹¹⁴ The agreement with Philip Morris International expired on 9 July 2016 and was not renewed. For further details see https://ec.europa.eu/commission/2014-2019/georgieva/announcements/expiry-agreement-philip-morris-international_en.

¹¹⁵ See Article 325 of the Treaty on the Functioning of the European Union (TFEU).

5. Differences in incentives and capacities between MS lead to uneven PFI. This driver is mainly relevant to problems #6, #8 and #9.

Objectives

The intended achievements of the Hercule III Programme have been presented by following a **hierarchical order**, where the achievement of lower-level objectives is generally a pre-condition to attaining the higher-level ones. In this respect, three levels of objectives were identified: i) **general objectives** (or strategic objectives), pertaining to the overall rationale of the Programme and its long-term, more diffuse effects and relating to the questions: "Why was the Hercule III programme set up?" and "What ultimate objective was it expected to contribute to?"; ii) **specific objectives**, providing a basis for assessing the intervention in relation to the short- to medium-term results (these are sometimes called "intermediate objectives"); iii) **operational objectives**, providing a basis for assessing the Programme in relation to its direct outputs, i.e. "What is directly produced/supplied during the Hercule III Programme implementation?"

Based on the IA and the Regulation establishing the Programme, the following objectives are expected to be achieved:¹¹⁶

- **General objective.** Protecting EU financial interests, thus enhancing the competitiveness of the European economy and ensuring the protection of taxpayers' money (Article 3 of the Regulation).
- **Specific objectives.** Preventing and combatting fraud, corruption and other illegal activities against EU financial interests, including cigarette smuggling and counterfeiting (Article 4 of the Regulation).
- **Operational objectives** (Article 5 of the Regulation, reflected in the Evaluation Roadmap and in the Annual Work Programmes).
 1. Enhancing **transnational and multidisciplinary cooperation** between MS authorities, the European Commission and OLAF to prevent and investigate fraud. This objective may address problems #2, #3, #4, #5, #6 and #7 listed above.
 2. Facilitating the **exchange of information, experience and best practices** related to the PFI, including staff exchange. This objective relates to problems #4, #5, #7 and #9.
 3. Providing **technical and operational support** to competent MS authorities¹¹⁷ in their fight against fraud and other illegal activities.¹¹⁸ This objective is expected to address problems #1 and #4.

¹¹⁶ Please note that the IA also lists 21 operational sub-objectives. While such objectives are not listed in the Inception Report, they have been considered in order to develop the Evaluation Framework presented below (Chapter 2).

¹¹⁷ In particular, customs and law enforcement authorities according to the Proposal for the Hercule III Regulation (European Commission (2011), *Proposal for a Regulation of the European Parliament and of the Council on the Hercule III programme to promote activities in the field of protection of the European Union's financial interests*, COM(2011)914 final).

¹¹⁸ The IA placed emphasis on illegal cross-border activities and customs authorities.

4. Reducing the development of an illegal economy in key risk areas such as organised fraud, with special emphasis on actions aimed to **fight cigarette smuggling and counterfeiting**. This objective relates to problems #1, #2 and #5.
5. Promoting **comparative law analysis and supporting academic analysis** of strategic legal issues with a view to developing a broad consensus on how to better use legal resources in the PFI. This objective is meant to address problems #3 and #8.

The intervention: “What are the main components of the Hercule III Programme?”

After pinpointing the problems, needs and objectives underlying the Hercule III Programme, the intervention logic requires identifying the main features of the Programme itself. Within the intervention logic, **inputs and activities** represent the **means used to address the needs and problems and to achieve the objectives** of the intervention. In this context, these means largely correspond to the different categories of actions the Hercule III Programme intends to support. Hence, at this stage the Evaluation Team provided an overview of: i) category of actions spelled out in the Regulation; and ii) specific actions identified in the Annual Work Programmes and related budget allocations.

The Hercule III Programme aims to support **measures to protect EU financial interests and, more specifically, to prevent and combat fraud, corruption and other illegal activities**. Actions are funded on the basis of Annual Work Programmes drafted by the Commission and can be grouped into three broad categories:

- **Technical Assistance.** Potential **beneficiaries** of these actions are national or regional administrations of a participating country¹¹⁹ that promote the strengthening of action at the Union level with regards to the PFI. Actions under TA include (Article 8a of the Regulation, reflected in the Annual Work Programmes):
 - providing specific knowledge, specialised and technically advanced equipment and effective information technology tools facilitating transnational cooperation and cooperation with the European Commission;
 - supporting and facilitating investigations, in particular by establishing joint investigation teams and cross-border operations;
 - supporting MS capacity to store and destroy seized cigarettes and independent analytical services for the analysis of seized cigarettes;

¹¹⁹ Participating countries/territories comprise (Article 7 Regulation) EU MS and may comprise (under specific conditions): i) acceding States, candidate countries (i.e. Albania, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey) and potential candidates; ii) partner countries under the European Neighbourhood Policy (i.e. Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia, Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine; Russia is not part of the European Neighbourhood Policy but takes part in cross-border cooperation activities); iii) European Free Trade Association (EFTA) countries participating in the European Economic Area (EEA) (i.e. Iceland, Liechtenstein, and Norway).

- enhancing staff exchanges for specific projects, with special emphasis on the fight against cigarette smuggling and counterfeiting;
 - providing technical and operational support for MS law enforcement authorities in their fight against fraud and other illegal activities impinging on the EU financial interests, including support to customs authorities;
 - developing and providing specific databases and IT tools which facilitate data access and analysis;
 - developing and providing IT tools for investigation and monitoring intelligence work and increasing data exchanges.
- **Training.** Besides national and regional administrations (see above), these actions are also available to **research and educational institutes** and **non-profit entities** from participating countries that promote the strengthening of action at the Union level with regards to the PFI. Training actions include specialised training, risk analysis training and conferences aimed at (Article 8b of the Regulation, reflected in the Annual Work Programmes):
 - fostering better understanding of the EU and national mechanisms;
 - exchanging experience and best practices between the relevant authorities in the participating countries as well as representatives of selected third countries (see Article 7(3) of the Regulation);
 - coordinating the activities of participating countries and representatives of other countries (see Article 7(3) of the Regulation);
 - disseminating knowledge, in particular on risk analysis;
 - developing high-profile research activities;
 - improving cooperation between practitioners and academics;
 - raising the awareness of the judiciary and other branches of the legal profession for the PFI.
 - **Any other action** identified in the Annual Work Programmes which is necessary to achieve the general, specific and operational objectives of the Programme (Article 8c of the Regulation).

Financial support for eligible actions can be provided in the form of (Article 9 of the Regulation):

- **grants**, following calls for proposals (see Box 1 for conditions to apply and evaluation procedures);¹²⁰

¹²⁰ Interestingly, purchase of equipment cannot be the sole component of grant agreements. In addition, the co-financing rate for grants cannot exceed 80% of the eligible costs, with the exception of grants directed to high-risk MS where grants can amount to up to 90% of eligible costs. This represents a major change compared to Hercule I and II, in which financial assistance was allowed to cover no more than 50% of eligible expenditure for TA. According to the Annual Work Programmes (2014, 2015 and 2016), as regards the option to co-finance up to 90% of a certain TA action, the fulfilment of at least two of the following criteria is required: i) geographical location at an external border; ii) most vulnerable seizure location; and iii) vulnerable and most exposed MS in relation to EU PFI (since 2016, a fourth criteria reflecting the results of a Eurobarometer survey on tobacco has been included). For Legal

- **contracts**, following public procurement;
- **reimbursement of costs** for participation in activities under the Programme incurred by representatives of certain non-EU countries (referred to in Article 7(3) of the Regulation).

Box 1. Conditions to apply and evaluation procedures for Hercule III grants¹²¹

The Evaluation Committee is called to examine each proposal on the basis of the following criteria:

- **Eligibility criteria.** TA actions are eligible only if submitted by national or regional administrations promoting the strengthening of action at the Union level with regards to the PFI. Training actions can also fund proposals by research and educational institutes and non-profit entities of the participating country (that have been established and operating for at least one year). Proposals have to be submitted in compliance with deadlines indicated in the specific call for proposals.
- **Exclusion criteria.** Applicants need to comply with specific articles of the Financial Regulation: i) Article 106(1), identifying applicable exclusion criteria for participation in procurement procedures; ii) Article 107, spelling out exclusion criteria applicable to awards; iii) Article 108, detailing the so-called central exclusion database; and iii) Article 109, covering administrative and financial penalties that can be imposed by the contracting authority.¹²²
- **Selection criteria.** The applicant has to demonstrate that it has: i) the operational resources and professional skills and qualifications needed to implement the proposed action (a strong track record is required); ii) the financial capacity required to implement the proposed action (annual accounts and other financial information have to be provided). The financial capacity requirement does not apply to national and regional administration; hence it is not relevant to TA actions.
- **Award criteria.** Proposals fulfilling the three above mentioned criteria are then assessed on the basis of four award criteria: i) added value for the PFI; ii) conformity with the operational objectives of the Programme; iii) quality; and iv) value for money. Retained proposals must obtain at least 50% of the theoretical maximum score for each award criterion as well as at least 60% of the theoretical maximum aggregated score.

Source: Authors' elaboration on Annual Work Programmes and Calls for Proposals.

Training and Studies, criteria are stricter and co-funding up to 90% is only possible for funding actions carried out by scientific organisations that are specifically created for the promotion of studies in European criminal law and for supporting the creation of networks in this area and have as an objective the protection of EU financial interests; for other Training activities, the 80% threshold cannot be exceeded.

¹²¹ Comparable criteria for actions under procurement are spelled out in the relevant calls for tenders. Some actions under procurement are implemented via existing framework contracts.

¹²² For further details, see European Commission (2013), *Financial Regulation applicable to the general budget of the Union and its rules of application*, available at: http://ec.europa.eu/smart-regulation/evaluation/docs/syn_pub_rf_mode_en.pdf.

The **Annual Work Programme for 2014**¹²³ earmarked an indicative budget of **€10.25 million** to **TA** actions comprising:

- €7.45 million for calls for proposals;
- €2.4 million for databases procurement via contracts;
- €200,000 for IT tools developed in cooperation with the Joint Research Centre (JRC); and
- €200,000 for independent chemical analysis of samples taken from cigarettes and tobacco seizures.

In the same year, the **Training** heading was broken down into two categories, i.e. **Conferences, Seminars and Digital Forensics Training** (also known as Anti-fraud Training, or AFT) and **Legal Training and Studies** (LTS), with a total available budget of **€3.4 million** comprising:

- €900,000 in the form of grants for conferences, seminar and training;
- €1.1 million for conferences to be arranged by OLAF;
- €800,000 for digital forensics training;
- €550,000 for grants for legal training and studies; and
- €50,000 for a specific study on illicit trade of tobacco.

The **2015 Annual Work Programme**¹²⁴ introduced a **minimum budget threshold for actions** funded via grant agreements¹²⁵ in order to: i) ensure that administrative burdens related to the management of the grants are proportionate to the action; and ii) contain the overall number of applications after the sharp increase registered in 2014.¹²⁶ It maintained the **same overall indicative budget for TA actions**, yet almost €1 million was transferred from databases procurement to the other specific actions. **The budget for Training actions increased by €250,000** in favour of digital forensics training and to fund a new specific study on illicit trade of tobacco. Interestingly, a specific action was envisaged under the Other Actions heading to finance a **Eurobarometer survey on cigarette smuggling**. The **2016 Annual Work Programme**¹²⁷ added a new specific action under the TA heading to allow the Commission to **purchase technical equipment needed only occasionally by eligible MS bodies** to strengthen their operational capacity in the PFI. The overall

¹²³ See *Annual Work Programme 2014 for the implementation of the Hercule III Programme*, available at: http://ec.europa.eu/anti-fraud/sites/antifraud/files/awp2014_hercule_iii_en.pdf.

¹²⁴ See *Annual Work Programme 2015 for the implementation of the Hercule III Programme*, available at: http://ec.europa.eu/anti-fraud/sites/antifraud/files/awp2015_hercule_iii_en.pdf.

¹²⁵ The minimum threshold is equal to: €100,000 for Technical Assistance actions; €50,000 for Conferences, Seminars and Digital Forensics Training; €40,000 for Legal Training and Studies.

¹²⁶ Reportedly, the number of applications submitted in 2014 outnumbered those submitted in previous editions of the Programme. This may be linked to the increase in the co-financing rate for grants under TA compared to Hercule I and II.

¹²⁷ See *Annual Work Programme 2016 for the implementation of the Hercule III Programme*, C(2016)868 final, available at: http://ec.europa.eu/anti-fraud/sites/antifraud/files/awp2016_hercule_iii_en.pdf.

indicative budget for **TA** climbed to **€10.85 million** with an increase of funds for calls for proposals. The structure and overall budget for the Training heading were maintained, yet minor changes in the budget of specific actions were put forward to procure a study on a specific topic concerning illicit trade in tobacco products (€300,000).

Table 19. Actions supported by the Hercule III Programme (€ thousands)

Actions	2014	2015	2016
Technical Assistance	10,250	10,250	10,850
• Grants	7,450	8,050	8,800
• Database under procurement	2,400	1,450	1,250
• IT tools under procurement	200	525	750
• Procurement of technical equipment	0	0	50
• Analysis of samples taken from cigarettes and tobacco seizures	200	225	Included under IT tools
Anti-fraud Training	2,800	3,000	2,950
• Grants	900	900	900
• Conferences under procurement	1,100	1,100	1,000
• Digital forensics training under procurement	800	1,000	950
Legal Training and Studies	600	650	800
• Grants	550	500	500
• Study on sanctions and illicit trade (in tobacco and cigarettes)	50	150	300
Eurobarometer Survey	0	125	0
Other actions to be determined	27.7	42.1	42.3
Total	13,678	14,067	14,545

Source: Authors' elaboration on Annual Work Programmes.

The expected results of the intervention: "What are the expected effects of the actions supported by the Hercule III Programme?"

At the time of enactment, the Hercule III Programme was expected to generate certain **results** that can be **classified into three** different **categories** (i.e. outputs,

outcomes and impacts) based on the time frame of their occurrence and the groups of addressees involved.

Outputs (expected)

The outputs of the Hercule III Programme are its most immediate results, i.e. the deliverables/objects of the funded actions. As the intervention logic focuses on a certain intervention by simulating an *ex ante* situation, it is required to identify the outputs that were expected to stem from the actions listed in the Annual Work Programmes. It is worth stressing that **expected outputs** reflect the operational objectives identified in previous analytical steps.

As regards **TA actions**, the following expected outputs can be identified in the Annual Work Programmes over the years: ¹²⁸

1. Purchase and maintenance of **investigation tools and methods** and provision of training to operate such tools.¹²⁹
2. Purchase and maintenance of **devices and animals** (e.g. sniffer dogs) **to carry out inspections** of containers, trucks, railway wagons and other vehicles to detect smuggled and counterfeit goods; this also includes the provision of training to properly operate purchased devices.¹³⁰
3. Purchase, maintenance and interconnection of **systems for the recognition of vehicle number plates or container codes** and provision of training to operate such systems.
4. Purchase of **services to support MS capacity to store and destroy seized cigarettes** and other counterfeit goods.
5. Purchase of **technical equipment** occasionally needed by competent national or regional authorities.
6. Acquisition of (access to) **databases** with information on trade flows, ship manifest data, container traffic and company information.
7. Development and implementation of specific **statistics and IT tools for data analyses and data-mining** needed to support fraud risk analysis; this may also include training to use such tools.
8. Purchase of services to carry out **chemical analysis of samples from tobacco and cigarette seizures**.

Outputs 1 to 4 were expected to be achieved via grant agreements. Outputs 5 to 8 were expected to be achieved under procurement at the EU level.

¹²⁸ It is worth remarking that the provision of specific knowledge (Article 8ai of the Regulation) is currently ensured by the provision of specific training to operate tools, methods, devices, systems and IT tools financed by the Programme; the enhancement of staff exchanges (Article 8aiv of the Regulation) is instead currently funded under the AFT heading.

¹²⁹ Investigation tools include: i) equipment for electronic and mobile surveillance, including the purchase and adaptation of cars needed for these purposes; ii) equipment for the analysis of digital evidence; and iii) equipment for encrypted communications (see Annual Calls for Proposals for Technical Assistance actions).

¹³⁰ Devices include: i) purchase of mobile and fixed (x-ray) scanners as well as the costs related to their installation and maintenance; and ii) software and hardware to enable the exchange of images generated by scanners within and between EU customs (see Annual Calls for Proposals for Technical Assistance actions).

As regards the two categories of actions under the **Training** heading, the following outputs were expected:

- **AFT actions**

9. **Conferences, seminars, courses, workshops, training, staff exchanges** and so on to exchange experience and best practices between competent authorities and disseminate knowledge on better identification of risk.
10. **High-level conferences** and **ad hoc training** arranged by OLAF and focused on the PFI.
11. **Digital forensic training courses** to develop, improve and update competences of the staff of competent authorities, initiate a quality assurance process and certification procedure for computer forensics experts and create a network of experts in the field.

- **LTS actions**

12. Development of high profile **research activities**, including studies in the field of comparative law.
13. **Conferences, seminars and workshops**, including annual meeting of the Presidents of the Associations for European Criminal Law and for the Protection of the EU Financial Interests.
14. Scientific publications and dissemination of knowledge among **the judiciary and other branches of the legal profession** as regards the PFI.
15. A **specific study** on the lack of a uniform approach on **sanctions to fight cigarette smuggling in EU MS** and its impact on the illicit trade.
16. A **specific study** on a methodology to **measure illicit imports of tobacco** from non-EU countries into the EU.

Finally, as regards **Other Actions** the following output was expected:

17. **Eurobarometer survey** on the opinions, attitudes and behaviour of EU citizens in relation to **cigarette smuggling**, consumption of smuggled cigarettes and EU actions to address these problems.

Outputs 9, 12, 13 and 14 were intended to be achieved via grant agreements.¹³¹ Outputs 10, 11, 15, 16 and 17 were intended to be achieved under procurement.

Outcomes (expected)

The outcomes represent the short-/medium-term changes that occur at the level of the direct addressees of the Programme. Outcomes are connected to the specific objectives. As done for outputs (see above), to identify the intervention logic it is necessary to consider the **expected outcomes** of the actions listed in the Annual Work Programmes.

The Annual Work Programmes pinpoint the following expected outcomes for **TA actions**:

¹³¹ Priority topics for grant agreements under the LTS heading are listed in the relevant calls for proposals.

- **Strengthening and improving the operational capacity of the beneficiaries.**
- **Strengthening and improving the technical capacity of the beneficiaries** to control trucks, containers and vehicles.
- **Strengthening and improving the investigative capacity of the beneficiaries** to identify suspected trucks and vehicles.
- **Number and value of seizures and estimates of the losses to national and Union budgets** prevented as a result of the use of the equipment purchased or made available via the Programme.
- **Use of databases to strengthen the capacity of beneficiaries to assess threats to the Union’s financial interests.**¹³²
- **Use and improvement of specific statistics and IT tools to strengthen the capacity of beneficiaries to assess threats to the Union’s financial interests.**¹³³

With regard to the two categories of actions under the **Training** heading, the Annual Work Programmes identify the following expected outcomes:

- **Conferences, seminars and digital forensic training.**
 - Improved **investigative performance/abilities** of law enforcement officials.
 - Increased **awareness of fraud risk indicators and EU anti-fraud policy.**
 - Enhanced **knowledge of specialised methodologies, tools and techniques to fight fraud.**
 - Exchange of information and sharing of best practices between law enforcement agencies in relation to digital forensic hardware and software to secure evidence from digital information carriers.¹³⁴
- **Legal training and studies.**
 - Improved **knowledge in the field of comparative law with regard to PFI.**
 - Improved **cooperation between practitioners and academics.**
 - Increased **awareness of the judiciary and other branches of the legal profession** with regard to the PFI.

¹³² While the Annual Work Programmes refer to the “use of databases”, Commission officials have explained that the ultimate outcome also entails a strengthened capacity of the Programme’s beneficiaries to carry out assessments for the identification of threats to the Union’s financial interests.

¹³³ While the Annual Work Programmes refer to the “use and improvements of specific statistics and IT tools”, Commission officials have explained that the ultimate outcome also entails a strengthened capacity of the Programme’s beneficiaries to carry out assessments for the identification of threats to the Union’s financial interests.

¹³⁴ Commission officials have mentioned this specific outcome in relation to “digital forensics training”. Please note that the outcome does not include exchange of information on gathered evidence.

Before detailing the Evaluation Framework, a summary table presents the analytical steps performed so far, **recapping the entire intervention logic** (Table 20).

Impacts (expected)

In principle, an intervention logic also includes the **expected impacts**, i.e. **the changes that an EU intervention is intended to generate over a longer period of time and on the entire society** rather than on the addressees of the intervention itself. These changes are usually related to the general objectives of a certain intervention; hence, in the case of Hercule III, the expected impacts are related to the PFI and its contribution to the enhancement of the competitiveness of the European economy and the protection of taxpayers' money. Yet, since the impacts are difficult to predict *ex ante* (i.e. when sketching the intervention logic of a programme), the identification of the expected impacts is performed only if such impacts were clearly spelled out in official documents (e.g. *ex ante* impact assessments) before the enactment of the Programme under examination. This was not the case for Hercule III.

Against this background, and taking into account that the Assignment consists of a mid-term evaluation of a programme that started only at the end of 2014, the assessment of the long-term impacts of the Hercule III Programme cannot be covered by the current Assignment. In Part B, however, the Evaluation Team detailed **descriptive statistics showing the evolution over time of selected indicators of fraud and irregularities** summarised in PFI reports, which may capture impacts of previous editions of the Hercule Programme.

Table 20. Intervention logic

Needs and problems (in relation to the PFI)	Operational objectives	Input / activities	Expected outputs	Expected outcomes
<ul style="list-style-type: none"> • How to develop specialist knowledge and technologies to fight fraud • How to respond to development of organised crime • Lack of awareness and expertise to prevent and detect fraud • How to improve the use of risk analysis and information sharing 	<ul style="list-style-type: none"> • Technical and operational support • Reducing the development of an illegal economy in key risk areas 	<p>Technical assistance - Grants</p>	<p>Purchase and maintenance of investigation tools and methods provision of training to operate such tools</p>	<p>Strengthening and improvement of operational capacity of the beneficiaries</p>
<ul style="list-style-type: none"> • How to develop specialist knowledge and technologies to fight fraud • How to respond to development of organised crime • How to maintain public confidence in the EU • Lack of awareness and expertise to prevent and detect fraud • How to improve the use of risk analysis and information sharing • Lack of cooperation among authorities • Lack of standardised and interconnected information exchange mechanisms 	<ul style="list-style-type: none"> • Transnational and multidisciplinary cooperation • Technical and operational support • Reducing the development of an illegal economy such through organised fraud/ fight cigarette smuggling and counterfeiting 	<p>Technical assistance - Grants</p>	<p>Purchase and maintenance of devices and animals to carry out inspections; provision of training to operate purchased devices.</p>	<p>Strengthening and improvement of operational capacity of the beneficiaries; strengthening and improvement of technical capacity of the beneficiaries</p>
<ul style="list-style-type: none"> • How to develop specialist knowledge and technologies to fight fraud • How to respond to development of organised crime • How to maintain public confidence in the EU • Lack of awareness and expertise to prevent and detect fraud • How to improve the use of risk analysis and information sharing • Lack of cooperation among authorities • Lack of standardised and interconnected information exchange mechanisms 	<ul style="list-style-type: none"> • Transnational and multidisciplinary cooperation • Technical and operational support • Reducing the development of an illegal economy such through organised fraud/ fight cigarette smuggling and counterfeiting 	<p>Technical assistance - Grants</p>	<p>Purchase, maintenance and interconnection of systems for the recognition of vehicle number plates and container codes; provision of training to operate such tools</p>	<p>Strengthening and improvement of operational capacity of the beneficiaries; strengthening and improvement of investigative capacity of the beneficiaries</p>

Needs and problems (in relation to the PFI)	Operational objectives	Input / activities	Expected outputs	Expected outcomes
<ul style="list-style-type: none"> • How to develop specialist knowledge and technologies to fight fraud • How to respond to development of organised crime • How to improve the use of risk analysis and information sharing 	<ul style="list-style-type: none"> • Reducing the development of an illegal economy such through organised fraud/ fight cigarette smuggling and counterfeiting 	<p>Technical assistance - Grants</p>	<p>Purchase of services to support MS capacity to store and destroy seized cigarettes and other counterfeit goods</p>	<p>Strengthening and improvement of operational capacity of the beneficiaries; number and value of seizures and estimates of the losses to national and Union budgets</p>
<ul style="list-style-type: none"> • How to develop specialist knowledge and technologies to fight fraud • How to respond to development of organised crime • How to maintain public confidence in the EU • Lack of awareness and expertise to prevent and detect fraud • How to improve the use of risk analysis and information sharing • Lack of cooperation among authorities • Lack of standardised and interconnected information exchange mechanisms 	<ul style="list-style-type: none"> • Transnational and multidisciplinary cooperation • Technical and operational support • Reducing the development of an illegal economy such through organised fraud/ fight cigarette smuggling and counterfeiting 	<p>Technical assistance - Procurement</p>	<p>Technical equipment</p>	<p>Strengthening and improvement of operational capacity of the beneficiaries</p>
<ul style="list-style-type: none"> • How to develop specialist knowledge and technologies to fight fraud • How to respond to development of organised crime • How to maintain public confidence in the EU • Lack of awareness and expertise to prevent and detect fraud • How to improve the use of risk analysis and information sharing • Lack of cooperation among authorities • Lack of standardised and interconnected information exchange mechanisms 	<ul style="list-style-type: none"> • Transnational and multidisciplinary cooperation • Technical and operational support 	<p>Technical assistance - Procurement</p>	<p>Purchase of (access to) databases with information on trade-flows, ship-manifest data, container traffic and company information</p>	<p>Strengthening the capacity of beneficiaries to carry out assessments for the identification of threats to which the Union's financial interests are exposed</p>

Needs and problems (in relation to the PFI)	Operational objectives	Input / activities	Expected outputs	Expected outcomes
<ul style="list-style-type: none"> • How to develop specialist knowledge and technologies to fight fraud • How to respond to development of organised crime • How to maintain public confidence in the EU • Lack of awareness and expertise to prevent and detect fraud • How to improve the use of risk analysis and information sharing • Lack of cooperation among authorities • Lack of standardised and interconnected information exchange mechanisms 	<ul style="list-style-type: none"> • Transnational and multidisciplinary cooperation • Technical and operational support 	<p>Technical assistance - Procurement</p>	<p>Development and implementation of statistics and IT tools for data analysis and data mining to support fraud risk analysis; provision of training to operate such tools</p>	<p>Strengthening the capacity of beneficiaries to carry out assessments for the identification of threats to which the Union's financial interests are exposed</p>
<ul style="list-style-type: none"> • How to develop specialist knowledge and technologies to fight fraud • How to respond to development of organised crime • How to improve the use of risk analysis and information sharing 	<ul style="list-style-type: none"> • Reducing the development of an illegal economy such through organised fraud/ fight cigarette smuggling and counterfeiting 	<p>Technical assistance - Procurement</p>	<p>Purchase of services to carry out chemical analysis of samples from tobacco and cigarette seizures</p>	<p>Improved quality of the evidence collected by the beneficiaries</p>
<ul style="list-style-type: none"> • How to respond to development of organised crime • How to maintain public confidence in the EU • Lack of awareness and expertise to prevent and detect fraud • How to improve the use of risk analysis and information sharing • Lack of cooperation among authorities • Lack of standardised and interconnected information exchange mechanisms • Gaps in skills, expertise and sharing of best practices among national competent authorities 	<ul style="list-style-type: none"> • Transnational and multidisciplinary cooperation • Exchange of information, experiences and best practices 	<p>Conferences, seminars and digital forensics - Grants</p>	<p>Conferences, seminars, courses, workshops, training, staff exchanges to exchange experiences and best practice between competent authorities and disseminate knowledge on better identification of risk</p>	<p>Improved investigative performance/abilities of law enforcement officials; awareness of fraud risk indicators and EU anti-fraud policy; knowledge of specialised methodologies, tools and techniques to fight against fraud</p>

Needs and problems (in relation to the PFI)	Operational objectives	Input / activities	Expected outputs	Expected outcomes
<ul style="list-style-type: none"> • How to respond to development of organised crime • How to maintain public confidence in the EU • Lack of awareness and expertise to prevent and detect fraud • How to improve the use of risk analysis and information sharing • Lack of cooperation among authorities • Lack of standardised and interconnected information exchange mechanisms • Gaps in skills, expertise and sharing of best practices among national competent authorities 	<ul style="list-style-type: none"> • Transnational and multidisciplinary cooperation • Exchange of information, experiences and best practices 	<p>Conferences, seminars and digital forensics - Procurement</p>	<p>High-level conferences and ad hoc training focused on the PFI</p>	<p>Improved investigative performance/abilities of law enforcement officials; awareness of fraud risk indicators and EU anti-fraud policy</p>
<ul style="list-style-type: none"> • How to respond to development of organised crime • How to maintain public confidence in the EU • Lack of awareness and expertise to prevent and detect fraud • How to improve the use of risk analysis and information sharing • Lack of cooperation among authorities • Lack of standardised and interconnected information exchange mechanisms • Gaps in skills, expertise and sharing of best practices among national competent authorities 	<ul style="list-style-type: none"> • Transnational and multidisciplinary cooperation • Exchange of information, experiences and best practices 	<p>Conferences, seminars and digital forensics - Procurement</p>	<p>Digital forensics training courses; initiation of a quality assurance process and certification procedure for digital forensics experts; creation and maintenance of a network of experts</p>	<p>Improved investigative performance/abilities of law enforcement officials; knowledge of specialised methodologies, tools and techniques to fight against fraud; exchange of information and sharing of best practices between law enforcement agencies in relation to digital forensic hardware and software to secure evidence from digital information carriers¹³⁵</p>

¹³⁵ Please note that the outcome does not include exchange of information on gathered evidence.

Needs and problems (in relation to the PFI)	Operational objectives	Input / activities	Expected outputs	Expected outcomes
<ul style="list-style-type: none"> • How to maintain public confidence in the EU • Differences among MS systems in investigating and persecuting fraud 	<ul style="list-style-type: none"> • Comparative law analysis and supporting academic analysis 	<p>Legal training and studies - Grants</p>	<p>High-profile research activities</p>	<p>Improved knowledge in the field of comparative law with regards to PFI</p>
<ul style="list-style-type: none"> • How to maintain public confidence in the EU • Lack of awareness and expertise to prevent and detect fraud • How to improve the use of risk analysis and information sharing • Lack of standardised and interconnected information exchange mechanisms • Differences among MS systems in investigating and persecuting fraud • Gaps in skills, expertise and sharing of best practices among national competent authorities 	<ul style="list-style-type: none"> • Exchange of information, experience and best practices • Comparative law analysis and supporting academic analysis 	<p>Legal training and studies - Grants</p>	<p>Conferences, seminars and workshops to improve cooperation between academics and practitioners</p>	<p>Improved cooperation between practitioners and academics</p>
<ul style="list-style-type: none"> • How to maintain public confidence in the EU • Differences among MS systems in investigating and persecuting fraud 	<ul style="list-style-type: none"> • Comparative law analysis and supporting academic analysis 	<p>Legal training and studies - Grants</p>	<p>Scientific publications and dissemination of knowledge among the judiciary and other branches of the legal profession</p>	<p>Increased awareness of the judiciary and other branches of the legal profession with regard to the PFI</p>
<ul style="list-style-type: none"> • How to develop specialist knowledge and technologies to fight fraud • How to respond to development of organised crime • How to maintain public confidence in the EU • How to improve the use of risk analysis and information sharing • Differences among MS systems in investigating and persecuting fraud 	<ul style="list-style-type: none"> • Reducing the development of an illegal economy through organised fraud/ fight cigarette smuggling and counterfeiting • Comparative law analysis and supporting academic analysis 	<p>Legal training and studies - Procurement</p>	<p>Study on sanctions against cigarette smuggling in EU MS and impact on illicit trade in cigarettes and tobacco</p>	<p>Comprehensive and comparative understanding of the available sanctions to fight cigarette smuggling and their application; support to MS to adjust their sanction systems</p>

Needs and problems (in relation to the PFI)	Operational objectives	Input / activities	Expected outputs	Expected outcomes
<ul style="list-style-type: none"> • How to develop specialist knowledge and technologies to fight fraud • How to respond to development of organised crime • How to maintain public confidence in the EU • How to improve the use of risk analysis and information sharing • Differences among MS systems in investigating and persecuting fraud 	<ul style="list-style-type: none"> • Reducing the development of an illegal economy through organised fraud/ fight cigarette smuggling and counterfeiting • Comparative law analysis and supporting academic analysis 	<p>Legal training and studies - Procurement</p>	<p>Study on measuring illicit imports of tobacco</p>	<p>Development of a methodology to measure illicit imports of tobacco; support to MS and the Commission to refine their policy and investigative agenda</p>
<ul style="list-style-type: none"> • How to develop specialist knowledge and technologies to fight fraud • How to respond to development of organised crime • How to maintain public confidence in the EU • How to improve the use of risk analysis and information sharing • Differences among MS systems in investigating and persecuting fraud 	<ul style="list-style-type: none"> • Reducing the development of an illegal economy through organised fraud/ fight cigarette smuggling and counterfeiting • Comparative law analysis and supporting academic analysis 	<p>Other actions - Procurement</p>	<p>Eurobarometer survey on the opinions, attitudes and behaviour of EU citizens in relation to cigarette smuggling and consumption of smuggled cigarettes</p>	<p>Development of evidence-based policies and legislative proposals, contributing to better policy-making</p>

ANNEX B. EVALUATION FRAMEWORK

Evaluation questions	Judgment criteria	Indicators	Data sources	Data collection/ analysis methods
Evaluation criterion #1: Relevance				
<p>1. To what extent have the specific and operational objectives of the Hercule III programme proven to be relevant for its general objective?</p> <p>2. To what extent have the activities of the Hercule III programme proven to be relevant for achieving its operational and specific objectives?</p>	<ul style="list-style-type: none"> Degree of alignment between general, specific and operational objectives of the Programme Degree of alignment between stakeholders' perception of needs and problems and the objectives of the Programme Degree of alignment between actions and general, specific and operational objectives of the Programme 	<ul style="list-style-type: none"> Share of stakeholders confirming the alignment of general, specific and operational objectives of the Programme Share of stakeholders expressing positive appreciation of the objectives of the Programme Share of stakeholders confirming the alignment between the objectives of the Programme and current needs and problems in the field of PFI Number of operational and specific objectives of the Programme that have been targeted by funded actions Qualitative assessment of consistency between award criteria as well as reporting requirements and objectives 	<ul style="list-style-type: none"> Primary information from institutions Primary information from applicants and beneficiaries (<u>on needs and problems</u>) The Hercule III Regulation and accompanying documents (e.g. impact assessment) Hercule III Annual Work Programmes Hercule III Annual Implementation Reports PFI Reports (<u>evolution of needs and problems</u>) Documentary evidence on successful applications (e.g. application forms) Documentary evidence on funded actions (e.g. final technical reports and final implementation reports) 	<ul style="list-style-type: none"> Detailed review of the documentary evidence Desk research Semi-structured interviews with institutions and beneficiaries Online surveys of applicants and beneficiaries

Evaluation questions	Judgment criteria	Indicators	Data sources	Data collection/ analysis methods
Evaluation criterion #2: Coherence				
<p>3. What are the synergies between and within the different types of actions under the Programme and with other EU supported measures, programmes and actions, such as Customs 2020 or Fiscalis 2020?</p>	<ul style="list-style-type: none"> Degree of coherence between actions funded by the Hercule III Programme (<u>internal coherence</u>) Degree of coherence between the Programme and other EU supported measures, programmes and actions (<u>external coherence</u>) 	<ul style="list-style-type: none"> Qualitative assessment of synergies/overlaps between funded actions Qualitative assessment of synergies/overlaps between objectives the Programme and those of other relevant EU programmes Qualitative assessment of synergies/overlaps between work programmes of the Programme and those of other relevant EU initiatives Share of stakeholders confirming synergies between the Programme and other relevant EU initiatives Share of stakeholders identifying overlaps between the Programme and other relevant EU initiatives 	<ul style="list-style-type: none"> Primary information from institutions Primary information from applicants and beneficiaries (<u>on possible overlaps with other relevant measures</u>) The Hercule III Regulation and accompanying documents (e.g. impact assessment) Hercule III Annual Work Programmes Hercule III Annual Implementation Reports Legal texts establishing other programmes and related documents (<u>Customs 2020, Fiscalis 2020, Internal Security Fund</u>) Documentary evidence on successful and rejected applications (<u>especially list of grants, procurements contracts or loans received from EU institutions and grant applications submitted to EU institutions</u>) 	<ul style="list-style-type: none"> Detailed review of the documentary evidence Desk research Semi-structured interviews with institutions and beneficiaries Online surveys of applicants and beneficiaries

Evaluation questions	Judgment criteria	Indicators	Data sources	Data collection/ analysis methods
Evaluation criterion #3: Effectiveness				
<p>4. To what extent have the overall intervention logic/strategy of the programme and the actions contributed to the achievement of the objectives of the Hercule III Programme?</p> <p>5. To what extent have these objectives been achieved through the Hercule III Programme's interventions and to what extent have other factors played a role?</p>	<ul style="list-style-type: none"> • Degree of alignment between objectives, expected results and actual results of the Programme • Impact of drivers, other than funded actions, on the expected results of the Programme 	<ul style="list-style-type: none"> • Quantitative assessment of a selection of indicators listed in Annex C • Qualitative assessment of the contribution of funded actions to the achievement of operational and specific objectives of the Programme • Stakeholders' perception of the impact of drivers other than funded actions on the expected results of the Programme 	<ul style="list-style-type: none"> • Primary information from institutions (<u>on additional drivers</u>) • Primary information from beneficiaries (<u>on results of the actions and additional drivers</u>) • Primary information from participants and users of services (<u>on the results of the actions</u>) • Hercule III Annual Implementation Reports • Documentary evidence on funded actions • PFI Reports 	<ul style="list-style-type: none"> • Detailed review of the operational documents • Desk research • Semi-structured interviews with institutions and beneficiaries • Online surveys of beneficiaries, participants and users of services

Evaluation questions	Judgment criteria	Indicators	Data sources	Data collection/ analysis methods
Evaluation criterion #4: Efficiency				
<p>6. To what extent have the desired effects been achieved at reasonable costs?¹³⁶</p> <p>7. Could the same effects have been achieved with lower costs if procedures had been simpler, involving less administrative burden and/or efficient implementation mechanisms had been applied?</p>	<ul style="list-style-type: none"> • Cost-effectiveness analysis to assess the ratio between allotted funds and results • Burdensomeness of the application, implementation and monitoring process • Cost-effectiveness analysis to assess the affordability of regulatory costs 	<ul style="list-style-type: none"> • Measurement of (unit) costs of the outputs of actions funded by the Programme • Regulatory costs (mainly administrative burdens) to draft grant proposals, implement funded actions and comply with reporting requirements (and qualitative assessment of main cost drivers) • Ratio between expected value for applicants and regulatory costs 	<ul style="list-style-type: none"> • Primary information from beneficiaries (<u>on regulatory costs for implementing the actions</u>) • Primary information from applicants (<u>on regulatory costs to submit a proposal</u>) • Documentary evidence on funded actions 	<ul style="list-style-type: none"> • Detailed review of the operational documents • Semi-structured interviews with beneficiaries • Online surveys of applicants and beneficiaries

¹³⁶ As mentioned in note 10, a fully-fledged cost-benefit analysis appears to be unfeasible in a mid-term evaluation as a substantial share of benefits will most likely accrue in the coming years, even after the completion of the Programme; nonetheless, cost-effectiveness techniques to assess the ratio between allotted funds and results can be adopted when outputs/outcomes are measurable in “natural units” (e.g. number of successful operations, number of arrests, convictions, seizures, confiscations, recoveries and uncovered fraud schemes, number of participants in a conference).

Evaluation questions	Judgment criteria	Indicators	Data sources	Data collection/ analysis methods
Evaluation criterion #5: EU added value				
<p>8. Has the programme allowed delivering results that could not, or to a lesser extent, be achieved by interventions undertaken at national or regional level?</p> <p>9. Does the intervention at the EU level provide added value in terms of the efficient use of financial resources as compared to a possible intervention at national level?</p>	<ul style="list-style-type: none"> Achievement of results that could not be otherwise attained with national or regional interventions Savings generated by EU interventions compared to national or regional interventions Stakeholders' perception of cross-border cooperation, exchange of information, experiences and best practices, common use of databases and equipment 	<ul style="list-style-type: none"> Share of stakeholders confirming the need for EU intervention to achieve expected results Share of stakeholders confirming costs savings generated by EU intervention Share of stakeholders' providing positive feedback on cross-border cooperation, exchange of information, experiences and best practices, and common use of database and equipment Assessment of some indicators listed in the table summarising the expected results of the Programme that capture the cross-border dimension of the Programme (see Annex C) 	<ul style="list-style-type: none"> Primary information from institutions (<u>on need for EU intervention and cost savings</u>) Primary information from beneficiaries (<u>on need for EU intervention and cost savings</u>) Primary information from beneficiaries, participants and users of services (<u>on cross-border cooperation</u>) Documentary evidence on successful applications (e.g. application forms) Documentary evidence on funded actions (e.g. final technical reports and final implementation reports) 	<ul style="list-style-type: none"> Detailed review of the documentary evidence Semi-structured interviews with institutions and beneficiaries Online surveys of beneficiaries, participants and users of services

Evaluation questions	Judgment criteria	Indicators	Data sources	Data collection/ analysis methods
Evaluation criterion #6: Sustainability				
10. To what extent are the (positive) effects of the intervention likely to last after the intervention has ended?	<ul style="list-style-type: none"> Extent to which the results achieved are expected to last if funding for actions covered by the Programme would not be available in the future 	<ul style="list-style-type: none"> Share of stakeholders who expect that results achieved so far would not last if funding for actions covered by the Programme would not be available in the future Share of stakeholders who would continue to perform comparable actions without the support of the Programme Share of funded actions with effects that are likely to last without additional interventions 	<ul style="list-style-type: none"> Primary information from institutions Primary information from beneficiaries Documentary evidence on funded actions (e.g. final technical reports and final implementation reports) 	<ul style="list-style-type: none"> Detailed review of the documentary evidence Semi-structured interviews with institutions and beneficiaries Online survey of beneficiaries

ANNEX C. PERFORMANCE INDICATORS FOR EXPECTED RESULTS OF THE HERCULE III PROGRAMME

Input / activities	Addresses	Expected outputs	Output indicators (limited to outputs of actions funded by Hercule III)	Expected outcomes	Indicators (limited to outcomes of actions funded by Hercule III)
Technical assistance - Grants	National and regional relevant administrations	Purchase and maintenance of investigation tools and methods; provision of training to operate such tools	<ul style="list-style-type: none"> Number and value of investigation tools and methods funded by the Programme 	Strengthening and improvement of operational capacity of the beneficiaries	<ul style="list-style-type: none"> Number of successful operations* Number of arrests, convictions, seizures, confiscations recoveries and uncovered fraud schemes* Number of verifications Number of operating hours Number of 'hits'* Prevented losses to the national and Union budgets Improvement in the quality of evidence gathered¹³⁷
Technical assistance - Grants	National and regional relevant administrations	Purchase and maintenance of devices and animals to carry out inspections; provision of training to operate purchased devices	<ul style="list-style-type: none"> Number and value of devices and animals funded by the Programme 	Strengthening and improvement of operational capacity of the beneficiaries; strengthening and improvement of technical capacity of the beneficiaries	<ul style="list-style-type: none"> Number of successful operations* Number of arrests, convictions, seizures, confiscations recoveries and uncovered fraud schemes* Number of verifications Number of operating hours Number of 'hits'* Prevented losses to the national and Union budgets Improvement in the quality of evidence gathered

¹³⁷ The 2016 Call for Proposal for Technical Assistance grants (available at: http://ec.europa.eu/anti-fraud/sites/antifraud/files/ta1_specifications_call_2016_en.pdf) refers to: "The improvement of the quality of evidence gathered by the applicants during operations and investigations related to suspicions or allegations of fraud, corruption and any other illegal activities perpetrated against the Union's or national budget, inasmuch as these illegal activities may have an impact on the Union's financial interests. The improved quality of evidence has to contribute to speeding up legal proceedings in Member States and to reducing the number of dismissals due to prescription, inadmissible evidence, procedural errors or methodological mistakes made during the investigation"

Input / activities	Addresses	Expected outputs	Output indicators (limited to outputs of actions funded by Hercule III)	Expected outcomes	Indicators (limited to outcomes of actions funded by Hercule III)
Technical assistance - Grants	National and regional relevant administrations	Purchase, maintenance and interconnection of systems for the recognition of vehicle number plates and container codes; provision of training to operate such tools.	<ul style="list-style-type: none"> Number and value of systems for the recognition of vehicle number plates or container codes funded by the Programme 	Strengthening and improvement of operational capacity of the beneficiaries; strengthening and improvement of investigative capacity of the beneficiaries	<ul style="list-style-type: none"> Number of successful operations* Number of arrests, convictions, seizures, confiscations recoveries and uncovered fraud schemes* Number of verifications Number of operating hours Number of 'hits'* Prevented losses to the national and Union budgets Improvement in the quality of evidence gathered Cross-border exchanges of automatic number plate recognition information with competent authorities in neighbouring and cross-border regions, other MS and non-EU countries*
Technical assistance - Grants	National and regional relevant administrations	Purchase of services to support MS capacity to store and destroy seized cigarettes and other counterfeit goods	<ul style="list-style-type: none"> Number and value of services to support MS capacity to store and destroy seized cigarettes and other counterfeit goods, funded by the Programme 	Strengthening and improvement of operational capacity of the beneficiaries; information on the number and value of seizures and estimates of the losses to national and Union budgets	<ul style="list-style-type: none"> Number and value of seized cigarettes stored and destroyed* Number and value of other counterfeit goods stored and destroyed* Prevented losses to the national and Union budgets

Input / activities	Addresses	Expected outputs	Output indicators (limited to outputs of actions funded by Hercule III)	Expected outcomes	Indicators (limited to outcomes of actions funded by Hercule III)
Technical assistance - Procurement	National and regional relevant administrations; EU institutions	Technical equipment	<ul style="list-style-type: none"> Number and value of technical equipment procured by the Programme 	Strengthening and improvement of operational capacity of the beneficiaries	<ul style="list-style-type: none"> Number of successful operations* Number of arrests, convictions, seizures, confiscations recoveries and uncovered fraud schemes* Number of verifications Number of operating hours Number of 'hits'* Prevented losses to the national and Union budgets
Technical assistance - Procurement	National and regional relevant administrations; EU institutions	Purchase of (access to) databases with information on trade flows, ship manifest data, container traffic and company information.	<ul style="list-style-type: none"> Number and type of (access to) databases procured by the Programme 	Strengthening the capacity of beneficiaries to carry out assessments for the identification of threats to which the Union's financial interests are exposed	<ul style="list-style-type: none"> Number of consultations and/or downloads Awareness across MS User friendliness Relevance to the investigation and risk analysis activities of users in the field of the PFI
Technical assistance - Procurement	National and regional relevant administrations; EU institutions	Development and implementation of statistics and IT tools for data analysis and data mining to support fraud risk analysis; provision of training to operate such tools	<ul style="list-style-type: none"> Number and type of statistics and IT tools for data analyses and data-mining procured by the Programme 	Strengthening the capacity of beneficiaries to carry out assessments for the identification of threats to which the Union's financial interests are exposed	<ul style="list-style-type: none"> Number of risk analyses Awareness across MS User friendliness Relevance to the risk analysis activities of users in the field of the PFI

Input / activities	Addresses	Expected outputs	Output indicators (limited to outputs of actions funded by Hercule III)	Expected outcomes	Indicators (limited to outcomes of actions funded by Hercule III)
Technical assistance - Procurement	National and regional relevant administrations	Purchase of services to carry out chemical analysis of samples from tobacco and cigarette seizures	<ul style="list-style-type: none"> Number and type of services to carry out chemical analysis procured by the Programme 	Improved quality of the evidence collected by the beneficiaries	<ul style="list-style-type: none"> Number or results of chemical analysis of tobacco and cigarettes Relevance to the investigation and risk analysis activities of users in the field of the PFI Improvement in the quality of evidence gathered
Conferences, seminars and digital forensics - Grants	Staff in EU, national and regional administrations; academics and other practitioners	Conferences, seminars, courses, workshops, training, staff exchanges to exchange experience and best practice between competent authorities and disseminate knowledge on better identification of risk	<ul style="list-style-type: none"> Number and type of conferences, seminars, courses, workshops, training and staff exchanges funded by the Programme* 	Improved investigative performance/abilities of law enforcement officials; awareness on fraud-risk indicators and EU anti-fraud policy; knowledge of specialised methodologies, tools and techniques to fight against fraud	<ul style="list-style-type: none"> New skills, knowledge and competence acquired Number of participants in events/level of attendance Relevant characteristics of the population addressed under the action Number of publications distributed Overall satisfaction rate Number of certifications issued Exchange of information and best practices

Input / activities	Addresses	Expected outputs	Output indicators (limited to outputs of actions funded by Hercule III)	Expected outcomes	Indicators (limited to outcomes of actions funded by Hercule III)
Conferences, seminars and digital forensics - Procurement	Staff in EU, national and regional administrations; academics and other practitioners	High-level conferences and ad hoc training focused on the PFI	<ul style="list-style-type: none"> Number and type of high-level conferences and training procured by the Programme 	Improved investigative performance/abilities of law enforcement officials; awareness on fraud risk indicators and EU anti-fraud policy	<ul style="list-style-type: none"> New skills, knowledge and competence acquired Number of participants in events Relevant characteristics of the population addressed under the action Number of publications distributed Overall satisfaction rate Number of certifications issued Exchange of information and best practices

Input / activities	Addresses	Expected outputs	Output indicators (limited to outputs of actions funded by Hercule III)	Expected outcomes	Indicators (limited to outcomes of actions funded by Hercule III)
Conferences, seminars and digital forensics - Procurement	Staff in EU, national and regional administrations	Digital forensics training courses; initiation of a quality assurance process and certification procedure for digital forensics experts; creation and maintenance of a network of experts	<ul style="list-style-type: none"> Number and type of digital forensics training courses procured by the Programme* 	Improved investigative performance/abilities of law enforcement officials; knowledge of specialised methodologies, tools and techniques to fight against fraud; exchange of information and sharing of best practices between law enforcement agencies in relation to digital forensic hardware and software to secure evidence from digital information carriers ¹³⁸	<ul style="list-style-type: none"> New skills, knowledge and competence acquired Use of new skills, knowledge and competence acquired Number of participants in events Relevant characteristics of the population addressed under the action Number of trained digital forensics experts Number of publications distributed Overall satisfaction rate Number of certifications issued Exchange of information and best practices Improvement in the quality of evidence gathered
Legal training and studies - Grants	Staff in EU, national and regional administrations; academics and other practitioners	High-profile research activities	<ul style="list-style-type: none"> Number and type of research activities and studies funded by the Programme 	Improved knowledge in the field of comparative law with regards to PFI	<ul style="list-style-type: none"> Quality and novelty of research activities and studies based on expert assessment Relevance to the PFI based on expert assessment

¹³⁸ Please note that the outcome does not include exchange of information on gathered evidence.

Input / activities	Addresses	Expected outputs	Output indicators (limited to outputs of actions funded by Hercule III)	Expected outcomes	Indicators (limited to outcomes of actions funded by Hercule III)
Legal training and studies - Grants	Staff in EU, national and regional administrations; academics and other practitioners	Conferences, seminars and workshops to improve cooperation between academics and practitioners	<ul style="list-style-type: none"> Number and type of conferences, seminars and workshops funded by the Programme 	Improved cooperation between practitioners and academics	<ul style="list-style-type: none"> Number of participants in events Relevant characteristics of the population addressed under the action Overall satisfaction Exchange of information and best practices
Legal training and studies - Grants	Legal professionals	Scientific publications and dissemination of knowledge among the judiciary and other branches of the legal profession	<ul style="list-style-type: none"> Number and type of scientific publications funded by the programme by the Programme 	Increased awareness of the judiciary and other branches of the legal profession with regard to the PFI	<ul style="list-style-type: none"> Quality and novelty of publications based on expert assessment Type and methods of knowledge dissemination
Legal training and studies - Procurement	Researchers or consultants	Study on sanctions to fight cigarette smuggling in EU MS and impact on illicit trade	<ul style="list-style-type: none"> Completion of the study 	Comprehensive and comparative understanding of the available sanctions to fight cigarette smuggling and their application; support to MS to adjust their sanction systems	<ul style="list-style-type: none"> Quality and novelty of the study based on expert assessment Relevance to the PFI based on expert assessment

Input / activities	Addresses	Expected outputs	Output indicators (limited to outputs of actions funded by Hercule III)	Expected outcomes	Indicators (limited to outcomes of actions funded by Hercule III)
Legal training and studies - Procurement	Researchers or consultants	Study on sanctions against cigarette smuggling in EU MS and impact on illicit trade in cigarette and tobacco	<ul style="list-style-type: none"> Completion of the study 	Comprehensive and comparative understanding of the available sanctions to fight cigarette smuggling and their application; support to MS to adjust their sanction systems	<ul style="list-style-type: none"> Quality and novelty of the study based on expert assessment Relevance to the PFI based on expert assessment
Legal training and studies - Procurement	Researchers or consultants	Study on measuring illicit imports of tobacco	<ul style="list-style-type: none"> Completion of the study 	Development of a methodology to measure illicit imports of tobacco; support to MS and the Commission to refine their policy and investigative agenda	<ul style="list-style-type: none"> Quality and novelty of the study based on expert assessment Relevance to the PFI based on expert assessment
Other actions - Procurement	Researchers or consultants	Eurobarometer survey on the opinions, attitudes and behaviour of EU citizens in relation to cigarette smuggling and consumption of smuggled cigarettes	<ul style="list-style-type: none"> Completion of the study 	Development of evidence-based policies and legislative proposals, contributing to better policy-making	<ul style="list-style-type: none"> Quality and novelty of the study based on expert assessment

Note: *This indicator may contribute to measuring key performance indicators listed in Article 4 of the Regulation.

ANNEX D. DATA COLLECTION STRATEGY

An *ad hoc* data collection strategy was adopted to perform this Assignment. This strategy was divided into two main phases:

- **Phase 1: Data collection for “Context Analysis and Methodology”.** This phase aimed to support the identification of the intervention logic and refine the Evaluation Framework.
- **Phase 2: “Fieldwork”.** This phase aimed to collect relevant data and information to answer the EQ listed in Chapter 2.

Phase 1: Data collection for “Context Analysis and Methodology”

The data collection for “Context Analysis and Methodology” served the twofold purpose of building the intervention logic underlying the Hercule III Programme and refining the Evaluation Framework, including the EQ. In this respect, the Evaluation Team relied on two main activities:

- **Activity 1.1: Preliminary analysis of documentary evidence and other relevant material.** This activity enabled the Evaluation Team to better understand the various aspects of the issue at stake. The analysis focused on documentary evidence such as the Regulation and accompanying documents (e.g. the IA), the Annual Work Programmes, previous evaluation reports and PIF reports. The Evaluation Team also analysed the Calls for Proposals of the Programme and a limited set of application forms and reporting documents (i.e. Final Technical Reports and Final Financial Reports).
- **Activity 1.2: Exploratory interviews with OLAF and other members of the ISG.** Exploratory interviews were arranged with OLAF officials and with officials from DG BUDG, DG JUST, DG TAXUD.¹³⁹ Prior to the meeting, interviewees received a slideshow including a preliminary identification of the Hercule III intervention logic and definition of the Evaluation Framework; the interviews covered the following items:
 - presentation of the main features of the mid-term evaluation;
 - definition of the best way the interviewees could support the Assignment;
 - identification of interviewees’ expectations with regard to the evaluation;
 - collection of feedback to improve the design of the Evaluation Framework;
 - identification of other EU relevant programmes or policies which were expected to have synergies or overlap with the functioning of the

¹³⁹ SG and LS officials received a copy of the presentation summarising the main features of the Assignment.

Hercule III Programme (this item was mainly discussed with members of the ISG other than OLAF staff).

Phase 2: “Fieldwork”

This phase allowed the Evaluation Team to collect relevant data in order to assess the indicators summarised in Annex B and C, apply the judgment criteria listed in Annex B and ultimately answer the selected EQ detailing the evaluation criteria. Phase 2 of the Data Collection included five main activities:

- **Activity 2.1: Detailed review of documentary evidence.** A thorough desk review of documentary evidence **enhanced the overall efficiency of the evaluation work**, since it prevented the Evaluation Team from “reinventing the wheel” and allowed for adequately taking into account existing knowledge before conducting semi-structured interviews and surveys.¹⁴⁰ In addition, collected information was used to validate the primary data provided by consulted stakeholders. This activity mainly focused on available Final Technical Reports and application forms of successful applications. This review allowed the Evaluation Team to build a database comprising all the actions funded by the Programme (including details of contact persons for each action) and, to the extent possible, rejected proposals.
- **Activity 2.2: Additional desk research.** During Activity 1.1 the Evaluation Team reviewed secondary data sources such as previous evaluation reports and other relevant material in order to identify the intervention logic of the Programme. Secondary sources were further consulted to collect evidence contributing to the assessment of the evaluation criteria.
- **Activity 2.3: In-depth interviews with OLAF, members of the ISG and other relevant institutions.** In terms of interview techniques, the Evaluation Team relied on **semi-structured interviews**, as this is generally the most suitable approach to gathering a set of comparable data, while still leaving room for a more in-depth analysis of the specificities of cases and to explore individual differences between interviewees’ experiences. Most of the interviews were conducted in English on the basis of **written questionnaires** that were tailored to different categories of stakeholders and agreed upon with OLAF before the interviews took place. Some interviews with national institutions were conducted in other languages of the EU (e.g. French, German, Italian, and Polish). The Evaluation Team ensured that the group of interviewees includes a fair **representation of the interests at stake**, and that **sufficient geographical coverage** was achieved. These interviews covered the following evaluation criteria: i) relevance; ii) coherence; iii) effectiveness; iv) EU added value; and v) sustainability.
- **Activity 2.4: Online surveys with beneficiaries, unsuccessful applicants, participants and users of services.** The Assignment did not require an open public consultation; hence, only **selected stakeholders** were

¹⁴⁰ For instance, the questionnaires for beneficiaries of AFT actions included only a few questions on the effectiveness criterion, as relevant information was already retrieved from reporting documents.

invited to participate in four *ad hoc* online surveys. These surveys were administered by CEPS via the SurveyMonkey® platform.¹⁴¹ Each survey underwent pilot testing with beneficiaries and OLAF officials to ascertain that: i) instructions and questions were understandable, ii) requested information was available, iii) the survey experience was user-friendly, and iv) the survey could be completed in a reasonable amount of time. The exact content of each questionnaire was submitted to OLAF for comments and approval before the surveys were launched. The surveys were open for contributions for four weeks from 19 May 2017 to 16 June 2017. The following groups of stakeholders were targeted (further details on surveyed stakeholders are provided in Annex E):

- **Beneficiaries.** This survey aimed to gather data and information from all beneficiaries of actions funded during the first two years of the Programme (2014 and 2015) as all actions funded in 2016 were still ongoing while conducting fieldwork activities for this Assignment. It included specific parts reflecting the categories and types of actions for which a grant was awarded. The following evaluation criteria were investigated: i) relevance; ii) coherence; iii) effectiveness; iv) efficiency; v) EU added value; vi) sustainability.
- **Unsuccessful applicants.** This survey aimed to gather data and information from all organisations that applied without success to Hercule III calls for proposals in 2014, 2015 and 2016. It covered the following evaluation criteria: i) relevance; ii) coherence; and iii) efficiency.
- **Participants in events.** This survey allowed for capturing lagged feedback from participants in events (e.g. conferences, seminars, courses, workshops, training, etc.) co-financed by Hercule III, some months after the events were held. The following evaluation criteria were covered: i) effectiveness; and ii) EU added value.
- **Users of services.** This survey gathered feedback from users of services (i.e. databases, statistics and IT tools and services to carry out chemical analysis of samples from tobacco and/or cigarette seizures) purchased under procurement and made available to EU, national and regional institutions. It contributed to the assessment of the following criteria: i) effectiveness; and ii) EU added value.
- **Activity 2.5: In-depth interviews with a selected group of beneficiaries.** A group of beneficiaries was selected to perform the in-depth semi-structured interviews (either face-to-face or via teleconference) in order to better address all the evaluation criteria and to gain a **broader and deeper understanding of the actions funded by the Programme**. Most of the interviews were conducted in English on the basis of a **written questionnaire** that was agreed upon with OLAF and provided to interviewees in advance. Some interviews were also conducted in other languages of the EU (e.g. French, Italian, German, Polish). In agreement with OLAF and in order to reduce the time required to perform the Fieldwork phase, activities 2.4 and

¹⁴¹ For further details see: <https://www.surveymonkey.com/>.

2.5 were performed in parallel. Therefore, whereas some beneficiaries were only invited to complete the online survey, others were only invited to participate in interviews to complete and discuss the same questions as those included in the survey. The Evaluation Team ensured that the group of interviewees included a fair **representation of beneficiaries and categories of actions** and **sufficient geographical coverage** (for further details see Annex E).

ANNEX E. CONSULTED STAKEHOLDERS

EU and national institutions

During the Context Analysis and Methodology phase (see Annex D), exploratory interviews were conducted with several OLAF officials and with officials from DG BUDG, DG JUST, DG TAXUD. Such interviews were additional to the 16 interviews with the EU and national institutions conducted during the Fieldwork phase, which were divided as follows: **five interviews with OLAF officials** (Hercule Sector, Internal Auditor, B1, C3, and D4); **two interviews with officials from other DGs** (DG JUSTICE and DG TAXUD);¹⁴² **nine interviews with officials from national institutions** (eight AFCOS which are also members of the Advisory Committee for the Coordination of Fraud Prevention (COCOLAF);¹⁴³ and one central customs authority) active in fraud prevention and PFI in Austria, Bulgaria, France, Germany, Italy, Lithuania, Poland, Romania and Slovenia. It is worth remarking that institutions from Bulgaria, France, Germany, Italy, Lithuania, Poland and Romania were selected because these are the **MS that received the largest number of grants in 2014 and 2015, representing almost 60% of the total grants awarded** in the period under investigation. By contrast, Austrian and Slovenian institutions were included in the sample because no grant was awarded to entities based in these two countries in the same period.

Beneficiaries

The online survey and interviews with beneficiaries were conducted in parallel. While 45 beneficiaries were only invited to complete the online survey, 34 beneficiaries were only invited to participate in the interviews to complete and discuss the same questions as those included in the survey. While 29 beneficiaries responded to the online survey (64% response rate), 27 beneficiaries made themselves available for an interview (79% response rate). In this context, and to collect additional qualitative information, the Evaluation Team organised six follow-up interviews with respondents to the survey. In total, **56 beneficiaries from 18 MS were consulted**,¹⁴⁴ i.e. 71% of those that were awarded a grant either in 2014 or 2015 (Table 2 and Figure 36). About 50% of respondents were based in Italy, France, Romania, Lithuania and

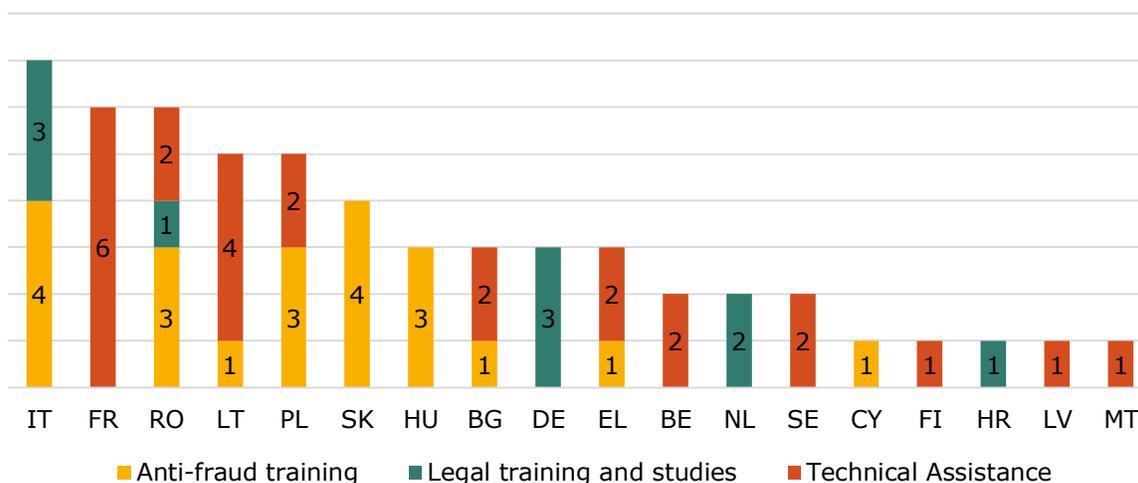
¹⁴² It is worth stressing that one interview with an OLAF official mainly focused on methodological aspects; in addition, the interviews with DG JUSTICE and DG TAXUD aimed to gather qualitative information limited to the “coherence” criterion.

¹⁴³ COCOLAF’s mission is “to advise the Commission on any matter relating to the prevention and prosecution of fraud and all other illegal activities adversely affecting the financial interests of the Community, and on any matter relating to cooperation between the competent authorities of the Member States or between Member States and the Commission to protect the financial interests of the Community, in order to organise more effectively close and regular cooperation between the competent authorities to counter fraud”. For further details see: <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=656>

¹⁴⁴ Interviews were conducted with beneficiaries from Belgium, Bulgaria, France, Italy, Lithuania, the Netherlands, Poland and Romania.

Poland; this is in line with data for the total population of beneficiaries, as 39 out of 79 (49%) grants awarded in 2014 and 2015 were directed to entities based in these five countries.

Figure 36. Consulted beneficiaries by MS and category of action (number of respondents)



Unit: Number of respondents.

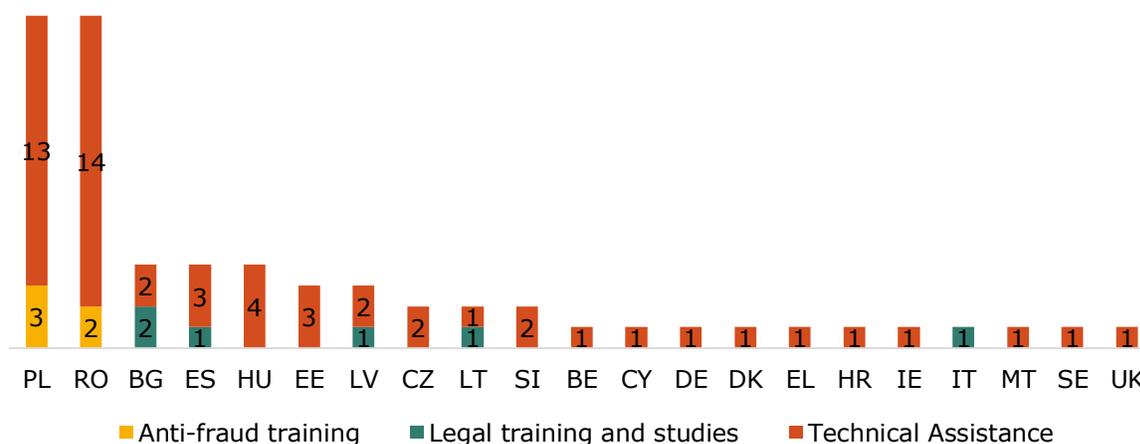
Source: Authors' elaboration on online survey and interviews with beneficiaries.

Unsuccessful applicants

All entities that applied without success to the Hercule III calls for proposals in 2014, 2015 and 2016 were invited to participate in the online consultation. **Sixty-seven respondents from 21 MS completed the survey**, i.e. 25% of all unsuccessful applicants during the first three years of the Programme (Table 2 and Figure 37).¹⁴⁵ Almost 50% of respondents were located in Poland and Romania; this is in line with data registered in the total population, as 121 out of 267 (45%) unsuccessful applications during the first three years of the Programme were submitted by Polish and Romanian entities.

¹⁴⁵ Six invitations to participate in the survey were bounced, as the email address indicated in the application form was either incorrect or obsolete.

Figure 37. Consulted unsuccessful applicants by MS and category of action (number of respondents)



Unit: Number of respondents.

Source: Authors' elaboration on online survey with unsuccessful applicants.

Participants in events

As contact details for participants were not available, OLAF requested beneficiaries of AFT and LTS grants to invite event participants to complete the online consultation. Based on data provided by OLAF, the invitations to participate in the survey were shared with 1,194 participants; hence, the response rate is in the region of 27% (Table 2). Nonetheless, if one considers that according to the 2014 and 2015 Annual Implementation Reports some 3,400 participants took part in events funded by Hercule III, respondents represented about 9.5% of total participants in actions covered by this mid-term evaluation (i.e. funded during the first two years of the Hercule III Programme; see Section 3.2).

In this context, **312 respondents from 25 MS and nine respondents from third countries completed the online survey** (Figure 38). As shown in Table 21, the distribution of respondents by country does not fully reflect the distribution of the population of participants by country. This is most likely because only a limited group of beneficiaries of AFT and LTS grants accepted to share the invitation sent by OLAF with participants in the events they had arranged. The potential bias stemming from consulting event participants via beneficiaries is further discussed in Chapter 3.2.

Figure 38. Consulted participants by country of origin (number of respondents)



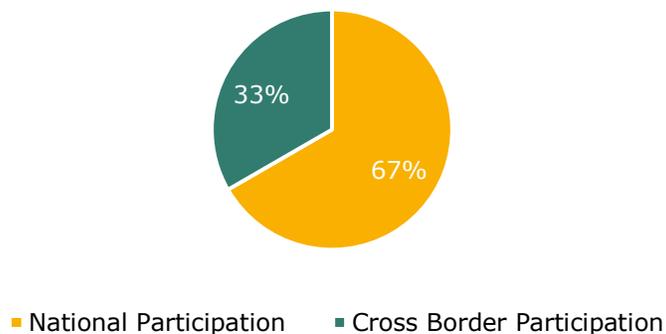
Unit: Number of respondents.

Note: 321 total respondents.

Source: Authors' elaboration on online survey with participants in events.

About one-third of the respondents took part in events arranged in a different MS from their country of residence (Figure 39). The three largest groups of participants by type of organisation included customs officials, police officials and academic audiences (Figure 40). Interestingly, many respondents had participated in more than one type of event in the context of the same action funded by Hercule III (Figure 41). The reason is that several actions combined different types of event to achieve the expected results. Respondents were aged mainly between 25 and 54, with women representing less than 40% of the sample (Table 22).

Figure 39. Participants in events held in the same MS and in a different MS



Unit: Percentage of respondents.

Note: 321 respondents.

Source: Authors' elaboration on online survey with participants in events.

Table 21. Share of total population represented by consulted participants by country

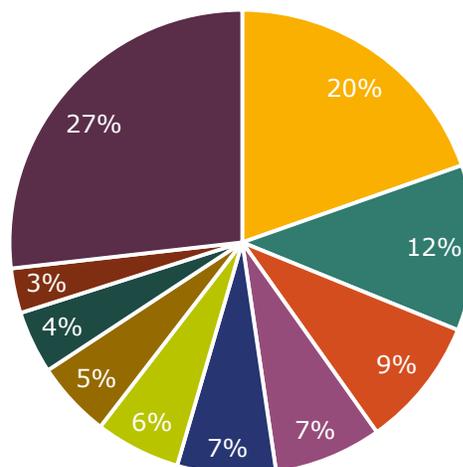
Country	Total sample	Total population*	Sample / population
AT	3	11	27%
BE	6	44	14%
BG	10	250	4%
CY	40	480	8%
CZ	24	330	7%
DE	0	24	0%
DK	1	6	17%
EE	5	11	45%
EL	4	128	3%
ES	4	35	11%
FI	2	8	25%
FR	2	20	10%
HR	10	44	23%
HU	13	66	20%
IE	0	6	0%
IT	23	311	7%
LT	8	47	17%
LU	4	37	11%
LV	43	64	67%
MT	1	14	7%
NL	5	31	16%
PL	16	380	4%
PT	0	11	0%
RO	29	843	3%
SE	1	1	100%
SI	3	5	60%
SK	47	145	32%
UK	8	40	20%
Non-EU	9	39	23%
Total	321	3,431	9.4%

Note: *Figures for total population by country are based on information collected during the review of Final Technical Reports for AFT events, and on information provided by consulted beneficiaries for LTS events.

Source: Authors' elaboration on documentary evidence and online survey with beneficiaries and participants in events.

Figure 40. Consulted participants by type of organisation

- Law enforcement: Customs
- Academic audience
- Law enforcement: Police
- State revenue service
- Ministry of Finance
- Local/regional authorities
- NGO representatives
- Legal practitioners: Lawyers, solicitors, barristers
- Ministry of Interior/Home affairs
- Other

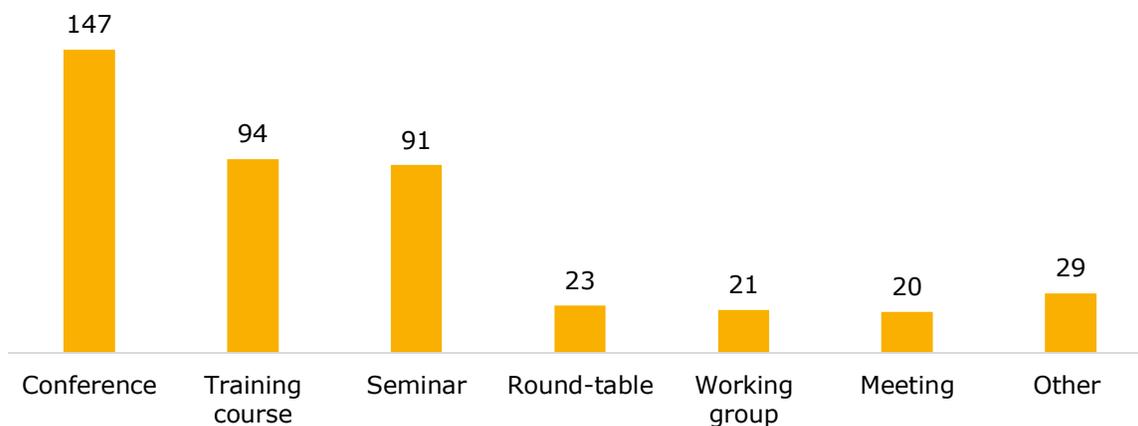


Unit: Percentage of respondents.

Note: 321 respondents.

Source: Authors' elaboration on online survey with participants in events.

Figure 41. Consulted participants by type of event attended



Unit: Number of respondents.

Note: 321 respondents; each respondent may have participated in more than one event in the context of the same action funded by Hercule III.

Source: Authors' elaboration on online survey with participants in events.

Table 22. Consulted participants by age category and gender

Age category	Gender			Total
	Female	Male	Prefer not to disclose	
Below 25	1.3%	1.3%	0.0%	2.5%
25-34	9.1%	9.7%	0.6%	19.4%
35-44	14.4%	22.8%	0.3%	37.5%
45-54	9.1%	18.4%	0.3%	27.8%
55-64	4.4%	7.2%	0.0%	11.6%
65	0.0%	1.3%	0.0%	1.3%
Total	38.1%	60.6%	1.3%	100.0%

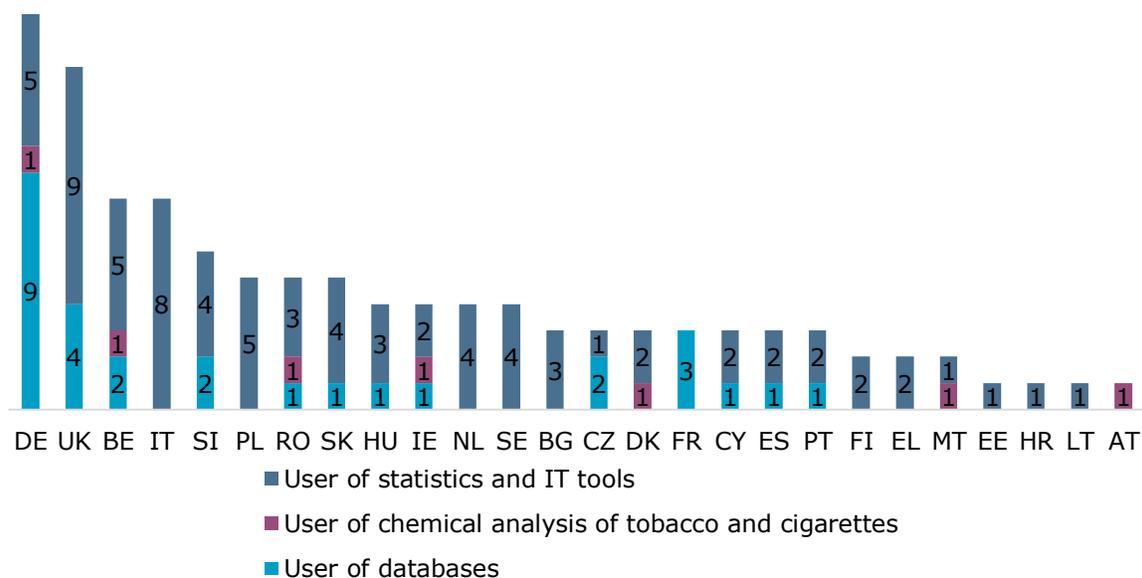
Source: Authors' elaboration on online survey with participants in events.

Users of services

For confidentiality reasons, relevant contact details for users of services procured by Hercule III were not provided to the Evaluation Team; hence, OLAF sent the invitations to complete the online survey to users. Against this background, based on information provided by OLAF, **352 users were invited to complete the survey, which was eventually completed by 112 respondents** (32% response rate; Table 2). Users were mainly based in Germany, the UK, Belgium and Italy. Almost 70% of respondents are users of statistics and IT tools; 30% are users of databases (e.g. NTELX, GTI, GRS, D&B reporting system, SEASEARCHER, GTA); only 6% are users of services to carry out chemical analysis of samples from tobacco and/or cigarette seizures (Figure 42).

As regards the type of organisation, the lion's share of respondents belongs to the customs category (Figure 44). No information is available with regard to the total population of users; hence, no conclusion can be drawn about the share of the population represented by the sample.

Figure 42. Consulted users by country and type of service (number of respondents)

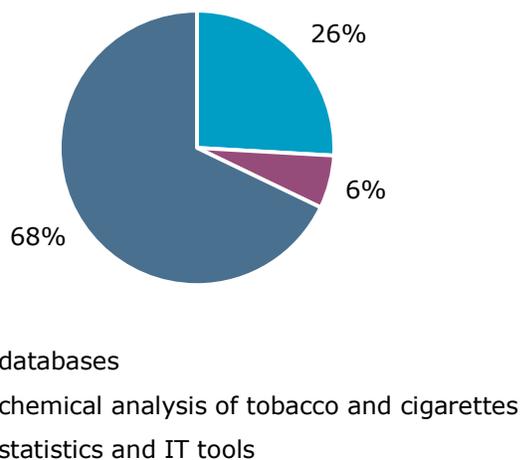


Unit: Number of respondents.

Note: 112 total respondents.

Source: Authors' elaboration on online survey with users of services.

Figure 43. Consulted users by type of service

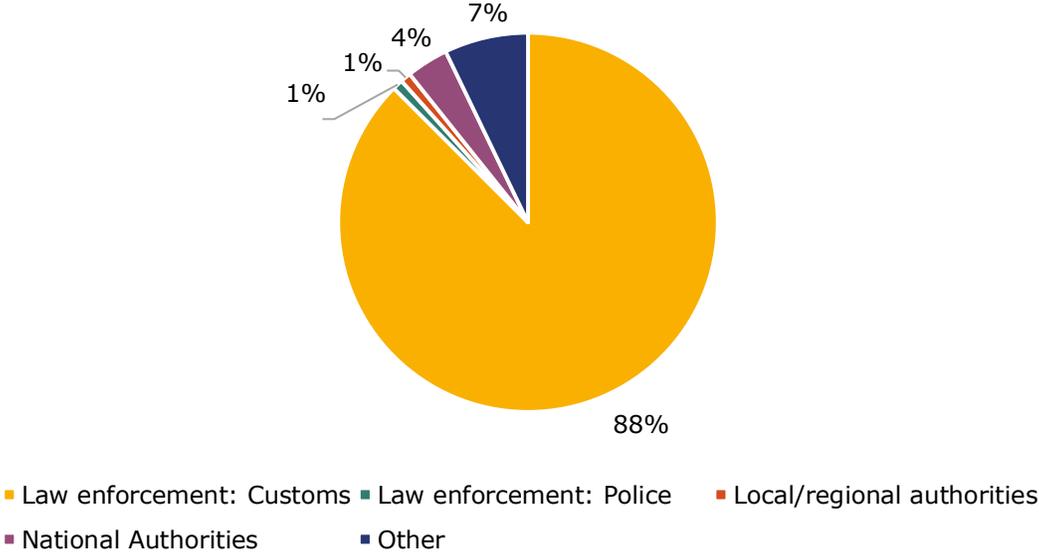


Unit: Percentage of respondents.

Note: 112 respondents.

Source: Authors' elaboration on online survey with users of services.

Figure 44. Consulted users by type of organisation



Unit: Percentage of respondents.

Note: 112 respondents.

Source: Authors' elaboration on online survey with users of services.

ANNEX F. EVOLUTION OF KEY INDICATORS ON IRREGULARITIES AND FRAUD

As detailed in Annex A, the IA measured the magnitude of the policy problem addressed by the Hercule III Programme by relying on the main findings of the 2009 and 2010 PFI reports and, more specifically, on the **number and financial impacts of reported irregularities** (fraudulent and non-fraudulent) between 2008 and 2010, covering both the expenditure and revenue side of the budget.

By analysing the PFI reports published in recent years,¹⁴⁶ it is apparent that the number and amount of reported irregularities concerning total Union expenditures recorded a growing trend between 2008 and 2016. In 2016, more than 12,000 irregularities were reported, with an estimated financial impact equal to €2.3 billion. Interestingly, the financial impact of irregularities reported as fraudulent (including cases of suspected or established fraud) was estimated at about €300 million, compared to €478 million registered in 2010 and €558 million in 2015 (Figure 45).

The number of reported irregularities affecting the revenue side of the budget declined from more than 6,000 in 2008 to about 4,650 in 2016, after peaking in 2014 (5,185). Whereas the estimated financial impact of such irregularities recorded a growing trend, going from €375 million in 2008 to €537 million in 2016, the financial impact of cases reported as fraudulent fluctuated across the period under observation and was equal to €83 million in 2016 (Figure 46).

Between 2010 and 2014, official statistics also reveal **a growing VAT gap**, which went from €135 billion in 2010 (13.53% of VAT Total Tax Liability) to €159 billion in 2014 (14.04% of VAT Total Tax Liability).¹⁴⁷

Finally, focusing on **corruption**, most Europeans believe that corruption is a major problem in their country.¹⁴⁸ More specifically, in 2011 one-third of Europeans believed that corruption was widespread in their police (34%), customs (31%) and judicial services (32%). These results slightly increased in 2013, when 36% of Europeans believed that corruption was widespread within law enforcement or customs authorities; more than half of Europeans in 2013 (56%) believed that the level of corruption in their country had increased over the preceding three years. Efforts to measure the level of corruption in different countries have been made by Transparency International: the Corruption Perception Index¹⁴⁹ shows that, on

¹⁴⁶ European Commission (various years), Report from the Commission to the Council and the European Parliament, *Protection of the European Union's financial interests-Fight against fraud*, Annual Report, available at: https://ec.europa.eu/anti-fraud/reports_en.

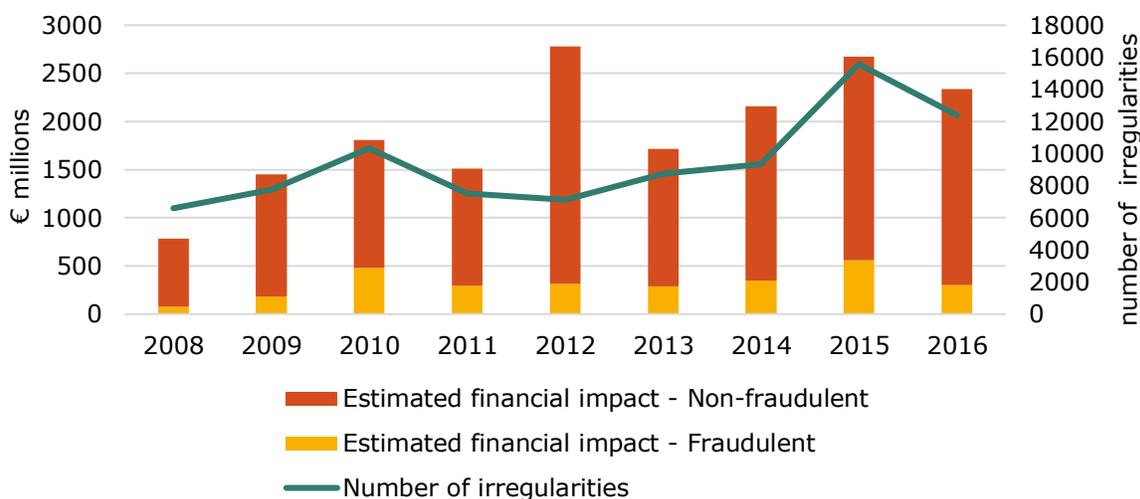
¹⁴⁷ CASE (2016), Study and Reports on the VAT Gap in the EU-28 Member States: 2016 Final Report, European Commission, available at: https://ec.europa.eu/taxation_customs/sites/taxation/files/2016-09_vat-gap-report_final.pdf. The Study does not cover Cyprus due to incomplete national accounts data. Data from 2010 do not include Croatia, whose VAT gap is instead recorded in 2014.

¹⁴⁸ TNS Opinion & Social (2012), Special Eurobarometer 374: Corruption; and TNS Opinion & Social (2012), Special Eurobarometer 397: Corruption.

¹⁴⁹ See https://www.transparency.org/news/feature/corruption_perceptions_index_2016

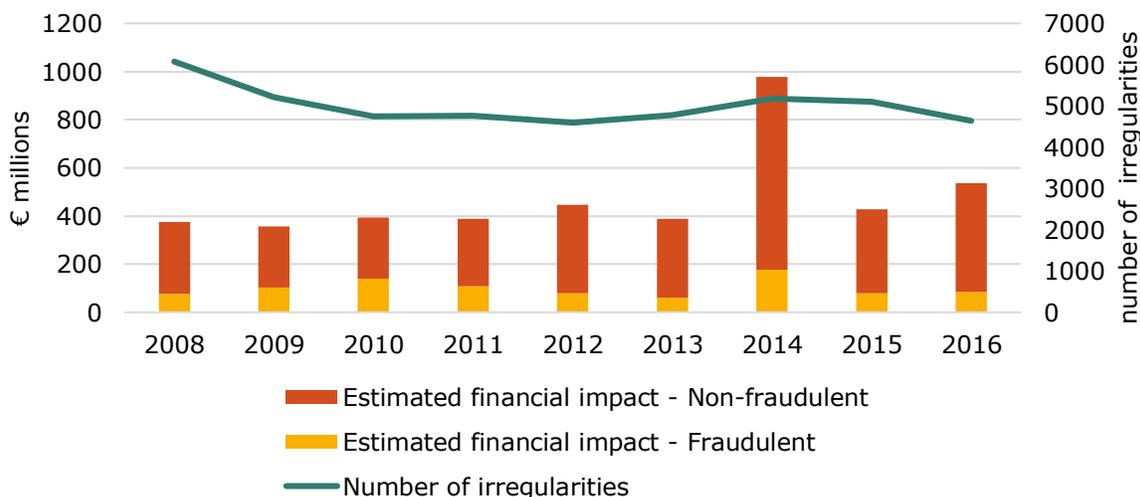
average, the EU faced a decline in its level of corruption from 63.7 in 2012 to 64.6 in 2016 (where the worst performing EU country was Bulgaria with an average score of 41.4 and the best performing was Denmark with an average score of 90.8). According to the OECD,¹⁵⁰ customs-related corruption is estimated to cost World Customs Organisation members at least \$2 billion in customs revenue each year.

Figure 45. Number of reported irregularities and amount: expenditures



Source: Authors' elaboration on PFI reports.

Figure 46. Number of reported irregularities and amount: revenues (Traditional Own Resources)



Source: Authors' elaboration on PFI reports.

¹⁵⁰ See OECD (2016), *Putting an end to corruption*.

ANNEX G. EFFECTIVENESS: SUPPORTING EVIDENCE

Dissemination of AFT and LTS actions results

Results of AFT and LTS actions were disseminated both in printed and digital copies (Table 23).¹⁵¹

Table 23. Dissemination of results

	AFT	LTS
Number of actions distributing printed copies of main findings	11	10
Number of actions distributing digital copies of main findings	17	4
Number of actions for which main findings were only discussed during the event	2	1

Note: Total sampled actions: 21 AFT; 10 LTS. For population coverage, please see Table 2.

Source: Authors' elaboration on online survey and interviews with institutions and beneficiaries.

Types of funded actions: review of documentary evidence

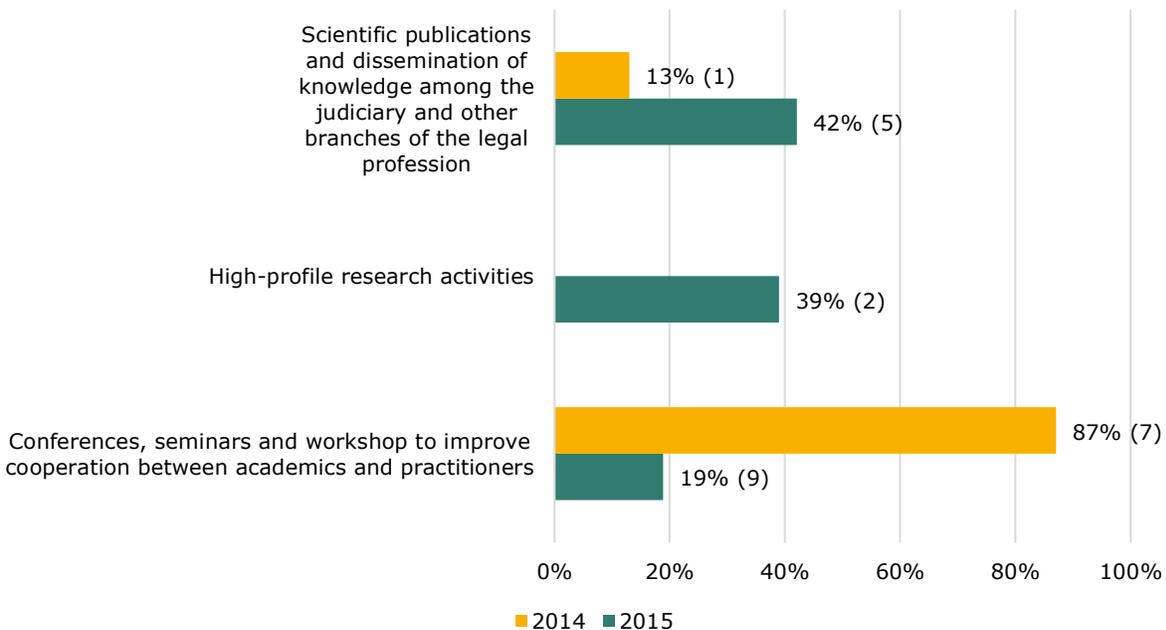
No classification is available for AFT actions funded by grants, which all fall within a generic heading covering "conference, seminars, courses, workshops, training, staff exchanges, etc.". Available reporting documents point at about 70 events arranged via AFT grants as well as one instance of staff exchange. This is in line with stakeholders' feedback.

Documentary evidence (i.e. application forms and available reporting documents) allows for classifying beneficiaries of LTS and TA grants by type of funded action (Annex A):

- Within LTS, "conferences, seminars and workshops" represented the most frequent type of action funded by Hercule III grants (nine actions, 54% of the granted budget; Figure 47), followed by "scientific publications and high-profile research activities". In addition, available reporting documents (covering about 60% of LTS actions) point at 14 events arranged via LTS grants. This is fully aligned with data provided by LTS beneficiaries consulted for this Assignment.
- As regards TA actions, the largest share of the budget was directed to "devices and animals" (13 actions, 56% of the budget; Figure 48); by contrast, the most frequent type of action was represented by "investigation tools" (18 actions, 29% of the budget). Again, results are largely aligned with stakeholders' feedback.

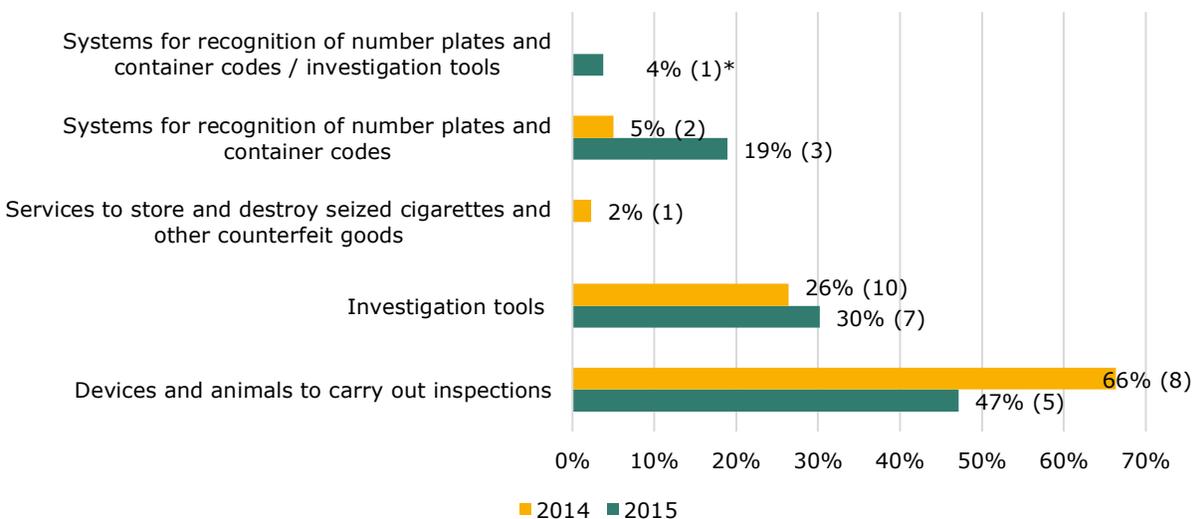
¹⁵¹ In total, LTS actions managed by consulted beneficiaries led to the distribution of more than 9,000 copies when it comes to studies and periodical publications.

Figure 47. LTS actions: % of granted budget by type of action (number of grants in brackets)



*Note: 37.5% of the results are based on information sourced from application forms.
Source: Authors' elaboration on application forms and available reporting documents.*

Figure 48. TA actions: % of granted budget by type of action (number of grants in brackets)



*Note: Results are based on information sourced from application forms. *One action aimed to purchase both systems for recognition of number plates and container codes and investigation tools.
Source: Authors' elaboration on application forms.*

Main outputs of actions under procurement

About one-quarter of the Hercule III budget is directed to actions funded under procurement. The review of the 2014 and 2015 Annual Implementation Reports helps provide an overview of the main outputs of such actions.

TA actions

In 2014 and 2015, the Hercule III Programme allotted a total budget of approximately €3 million to procure databases or subscription to databases, made available to OLAF and MS law enforcement authorities. In 2014, five databases were contracted under Hercule III: CTI (detailed shipments of Chinese imports and exports), NTELX (information on ship manifests), GTI (global trade information services), SEASEARCHER (information on vessels and their movements), and GRS in combination with D&B reporting systems (basic company information and financial details of companies). In 2015 the CTI and SEASEARCHER contracts were not renewed.

In the same period, about €700,000 were invested in the development of two specific IT tools for analysis of big data: i) Automated Monitoring Tool (AMT generates automated alerts for outliers in trade data); and ii) Container Traffic (CONTRAFFIC aims to use Container Status Messages to identify imports of goods with wrongly declared country of origin). Both projects, initiated during the Hercule II Programme and carried out by JRC Ispra (Italy) under administrative arrangements, provide appropriate tools to support investigations by customs authorities as well as favouring joint customs operations.

Finally, under the TA heading, the Hercule III Programme invested about €400,000 to enable customs to carry out analysis of samples taken from cigarette and tobacco seizures. In 2015, the Commission signed a new contract with JRC Geel (Belgium) for this purpose. Tobacco analyses have been supported by OLAF since 2011 and this ongoing commitment facilitated the creation of a comprehensive reference database.

AFT actions

During 2014 and 2015, about €1 million was used by the Commission to organise 12 conferences and training activities focused on the PFI, which were attended by 817 participants. These events, organised under procurement, were high-level conferences and *ad hoc* training activities, which aimed to provide very specific skills and knowledge to selected audiences as well as to offer the opportunity for cross-border networking. For instance, a seminar for AFCOS was arranged in both 2014 and 2015 with the objective of bringing together OLAF officials and AFCOS representatives from different countries to discuss the challenges and possible ways forward to enhance cross-border cooperation and coordination in the PFI and to share experiences and best practices.

Part of the budget for AFT actions was invested in digital forensic training courses organised under procurement. The scope of such training is to provide staff employed

by national or regional administrations of MS or third countries with a set of skills and competences in tools and software to retrieve and secure data from digital devices. In 2014 and 2015, OLAF funded two two-week courses provided by 71 trainers for 449 participants. The overall budget allotted to such training was about €1.6 million. This training was composed of sessions, both basic and specialised, at the end of which participants had to take an exam to assess the acquired skills and competences.

LTS actions

In 2015, a study on sanctions and illicit trade in tobacco and cigarettes was procured by relying on part of the budget (€150,000) directed to LTS actions.

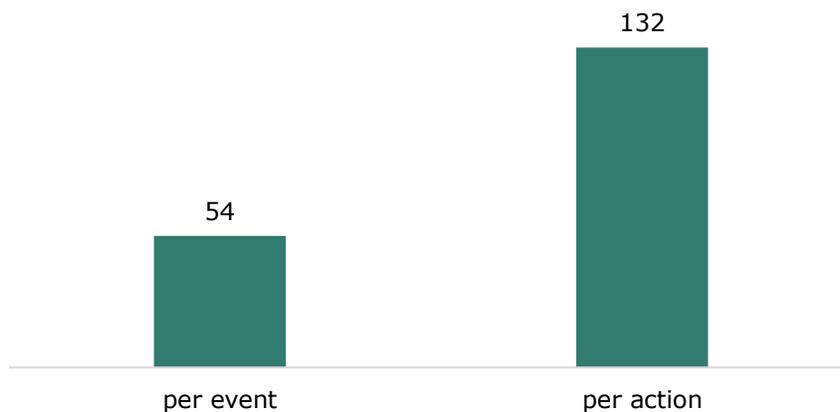
Outcome indicators for AFT actions: review of reporting documents

Reporting documents available for AFT actions allowed for a detailed analysis of the composition of the audience of events organised as well as the average cost per participant and participants' assessment of each event.

Participants

Events funded by AFT grants involved about 3,000 participants. The average number of participants per action was 132; yet, under several actions, more than one event was organised, which led to an average audience of 54 participants per event (Figure 49).

Figure 49. AFT: number of participants per event and action funded (2014-15)

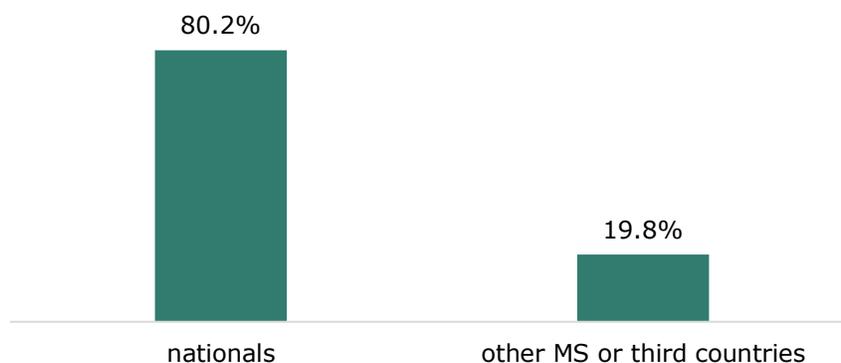


Source: Authors' elaboration on reporting documents.

The lion's share of participants attending AFT events came from the same MS where the event took place. The gap between participants coming from the same MS and those coming from another country was substantial: 80% vs 20% (Figure 50). Ensuring a greater number of participants from MS other than the one where the event is held would potentially contribute the achievement of two operational

objectives of the Programme, i.e. “enhancing transnational and multidisciplinary cooperation between MS authorities” and “facilitating the exchange of information and experience and best practices”; it would also increase the EU added value of the Programme, if one considers that cross-border cooperation can hardly be achieved via national interventions.

Figure 50. Distribution of participants by country of origin (2014-15)

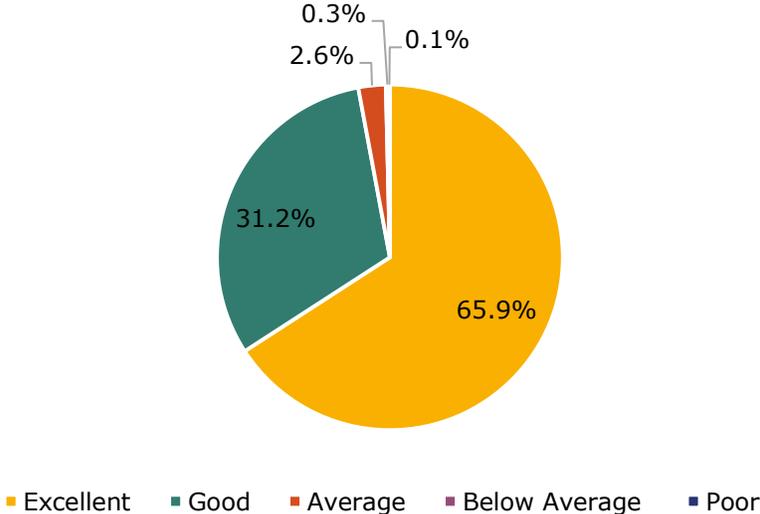


*Note: Analysis based on 2,945 participants for whom a nationality breakdown was available.
Source: Authors' elaboration on reporting documents.*

Participants' assessment of the event

Overall, participants' assessments of events organised under the AFT category are very positive. In fact, 97% of all respondents confirmed that the event they took part in was at least good and 66% stated it was even excellent (Figure 51).

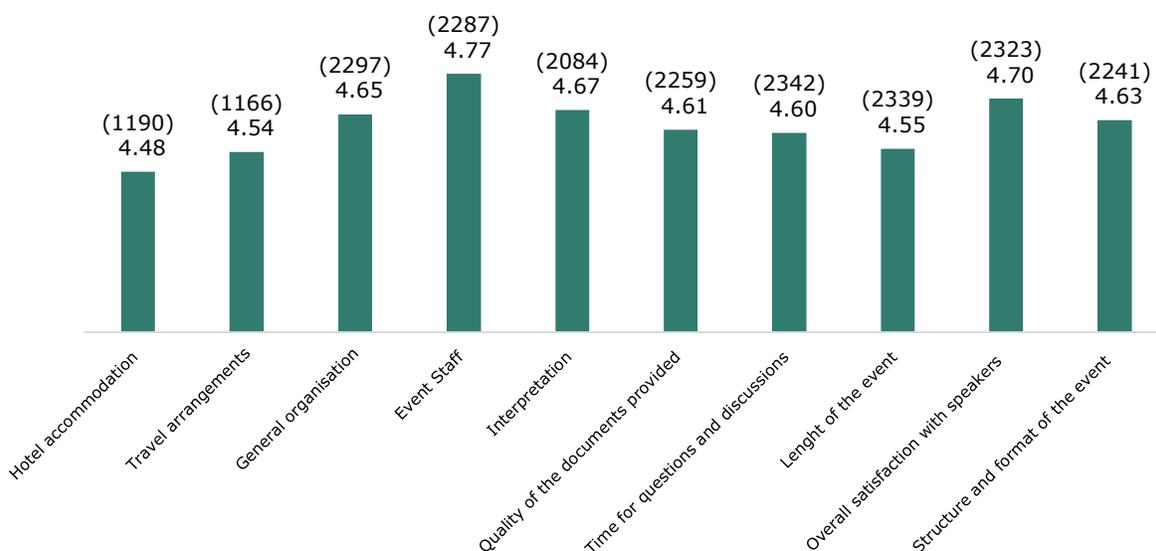
Figure 51. Participants' assessment of AFT events (2014-15)



Note: Analysis based on 2,147 participants for which a general assessment of the event was available. Weighted average evaluation of AFT events using as weights the number of participants in each event. Source: Authors' elaboration on reporting documents.

Looking at specific dimensions, Figure 52 and Figure 53 report the assessment for logistics, programme and structure as well as for the main outcomes of each event. None of the listed dimensions scored below four in a scale from 1 (poor) to 5 (excellent). Nonetheless, some differences are visible between the participants' perception of the event itself and of the event outcomes. For instance, as concerns the organisation of the event, all dimensions (except for "Hotel accommodation") scored 4.5 or higher, while, when it comes to the outcomes, the four sub-dimensions focusing on cross-border cooperation all scored below 4.5.

Figure 52. Participants' assessment of the logistics, programme and structure of AFT events (weighted average evaluation*; number of participants)

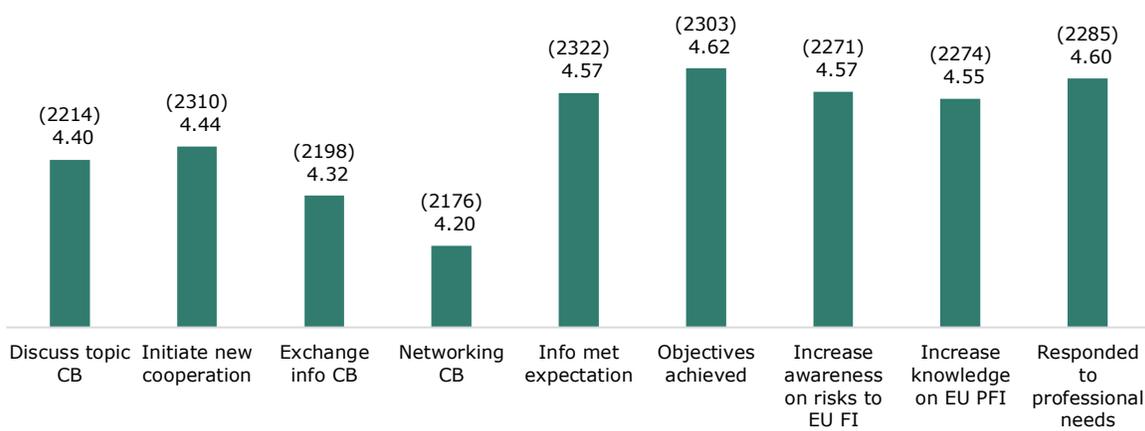


Scale: (1) poor, (2) below average, (3) average, (4) good, (5) excellent.

Note: Number of respondents in brackets. *Weighted average evaluation of AFT events using as weights the number of participants in each event.

Source: Authors' elaboration on reporting documents.

Figure 53. Participants' assessment of the outcomes of AFT events (weighted average evaluation*; number of participants)



Scale: (1) poor, (2) below average, (3) average, (4) good, (5) excellent.

Note: Number of respondents in brackets. *Weighted average evaluation of AFT events using as weights the number of participants in each event. CB stands for cross-border; FI stands for financial interest and PFI for protection of financial interest.

Source: Authors' elaboration on reporting documents.

ANNEX H. EFFICIENCY: SUPPORTING EVIDENCE

Labour cost

Table 24 details the hourly labour costs for the service sector at the MS level. Such costs include wage and non-wage costs net of subsidies; they do not include vocational training costs or other expenditures such as recruitment costs, spending on working clothes, etc.¹⁵²

Table 24. Labour costs per hour in euro, services in 2016

Country	€/h
Austria	31.80
Belgium	40.60
Bulgaria	4.70
Croatia	10.70
Cyprus	16.30
Czech Republic	10.50
Denmark	43.70
Estonia	11.50
Finland	32.00
France	36.10
Germany	30.50
Greece	13.80
Hungary	8.50
Ireland	28.10
Italy	26.90
Latvia	8.30
Lithuania	7.70
Luxembourg	39.70
Malta	12.80
Netherlands	31.60
Poland	8.50
Portugal	14.30
Romania	6.00
Slovakia	10.70
Slovenia	16.60
Spain	20.10
Sweden	40.40
United Kingdom	25.90

Source: Eurostat

¹⁵² For further details see: http://ec.europa.eu/eurostat/statistics-explained/index.php/Hourly_labour_costs#Source_data_for_tables_and_figures_on_this_page_.28MS_Excel.29.

Summary of the administrative process and associated workflows of the Hercule III Programme

Article 11 of the Regulation requires the Commission to adopt Annual Work Programmes. Such programmes should ensure that the general, specific and operational objectives of the Programme are implemented in a consistent manner. They should outline the expected results, the methods of implementation and their total amount. With regard to grants, the Annual Work Programmes should include the actions financed, the selection and award criteria and the maximum co-financing rate.

Annual work programmes are adopted by a Financing Decision of the Commission. The preparation of an Annual Work Programme for a given year (n) starts in the autumn of the preceding year (n-1) with a consultation of the main stakeholders within OLAF to ensure that new requirements of OLAF's partners, as identified during joint operations and informal exchanges between OLAF's staff and their partners, are taken into account. A draft version of the Annual Work Programme is subsequently sent to the members of the COCOLAF and the AFCOS for consultation and additional observations. On the basis of these consultations, minor modifications may be made to the Annual Work Programme.¹⁵³ The next step in the adoption of the Annual Work Programme is an internal consultation within the Commission in order to ensure that the proposed activities do not overlap with activities funded under other Union programmes, such as Customs 2020 or the Internal Security Fund activities.

Once the Financing Decision (FD) is adopted and the appropriate financial resources are made available, the Commission starts the implementation by preparing the call for proposals and other activities announced in the Annual Work Programme. Under the Programme, there were no modifications made to the Annual Work Programme that required an adoption of the FD.

Article 13.1 of the Regulation requires OLAF to submit an Implementation Report to the Parliament and the Council with the main results achieved and the relevant insights in terms of consistency and complementarity with other EU programmes. Therefore, during the spring of the succeeding year (n+1), the Commission drafts an annual overview with information on the implementation of the Programme that is annexed as a Commission Staff Working Document (SWD) to the annual report on the PFI (Article 325 report). The Committee on Budgetary Control (CONT) of the European Parliament drafts its opinion on the Article 325 report by the end of the year and the Commission takes account of these observations in the elaboration of the next Annual Work Programme. The European Parliament adopts its opinion the year after (n+2). This means that a full cycle for the preparation, implementation and reporting on an Annual Work Programme lasts almost two and half years.

¹⁵³ This happened in 2014, 2015 and 2016.

Within OLAF, the Programme is managed by a small sector and staff in the budget Unit (8 FTE in total).

ANNEX I. EU added value: supporting evidence

Added value award criterion

A specific award criterion examined by the Evaluation Committee selecting Hercule III actions (see Box 1) **ensures that the Programme yields EU added value.** In fact, the award criterion #1 (“*Added value*”)¹⁵⁴ requires assessing the added value of the implementation of the action for the PFI.¹⁵⁵ The criterion is worth up to 40 points out of a theoretical maximum score of 100 (40%); proposals that score fewer than 20 points for this award criterion are discarded. In this respect, applicants for TA actions are explicitly required to describe how the proposed actions add value to the PFI.¹⁵⁶ In addition, in Final Technical Reports (and Final Implementation Reports for TA actions), beneficiaries are requested to emphasise the added value generated by funded actions. These requirements allowed for the collection of information regarding the EU added value of the Programme from documentary evidence (see Chapter 9).¹⁵⁷

¹⁵⁴ In calls for proposals for TA actions, this award criterion also requires assessing the contribution of the proposed actions to the achievement of the Programme’s general and specific objectives. This is an indicator of the relevance of proposed actions (see Section 5.2, for further details about the assessment of the relevance of proposed actions).

¹⁵⁵ For further details, see “Hercule III Programme 2014-2020 - Call for Proposals – 2016 – Technical Specifications”: i) Technical Assistance for the Fight Against EU-Fraud, available at: https://ec.europa.eu/anti-fraud/sites/antifraud/files/ta1_specifications_call_2016_en.pdf; Anti-fraud Training, available at https://ec.europa.eu/anti-fraud/sites/antifraud/files/training_specifications_2016_en.pdf; and iii) Legal Training and Studies, available at: https://ec.europa.eu/anti-fraud/sites/antifraud/files/legal_call_for_proposals_2016_en.pdf.

¹⁵⁶ See, for instance, for TA actions: “Hercule III Programme 2014-2020 - Call for Proposals – 2016 - Technical Assistance for the Fight Against EU-Fraud - Application Form”, available at: https://ec.europa.eu/anti-fraud/sites/antifraud/files/ta2_application_form_call_2016_en.doc; and “Hercule III Programme 2014-2020 - Call for Proposals – 2016 - Technical Assistance for the Fight Against EU-Fraud – Guidelines for the Application Form”, available at: https://ec.europa.eu/anti-fraud/sites/antifraud/files/ta3_guidelines_call_2016_en.pdf.

¹⁵⁷ See, for instance, for TA actions: “Technical Implementation Reports and Financial Statements to be submitted”, available at: https://ec.europa.eu/anti-fraud/sites/antifraud/files/ta5_template_annex_iv_en.pdf.

ANNEX J. Coherence: supporting evidence

External coherence: a comparison between EU-funded programmes

Desk research and, more specifically, analysis of the regulations establishing each programme and the most recent Annual Work Programmes were used to provide the following comparison between the Hercule III Programme and Customs 2020, Fiscalis 2020, ISF Police and the Justice programme.

Legal foundations

The assessment of the degree of coherence between Hercule III, Customs 2020, Fiscalis 2020, ISF Police and the Justice programme requires first considering their legal foundations. In fact, each regulation establishing such programmes is legally grounded in the Treaty on the Functioning of the European Union (TFEU; Table 25). Hercule III is legally justified by Article 325 TFEU, which states, *inter alia*, that the Union and MS shall counter fraud and any other illegal activities affecting the financial interests of the Union and that MS shall coordinate their actions aimed to protect the financial interests of the Union against fraud. **The legal foundations of all other programmes appear to generate some synergies with Hercule III**; in fact, the PFI may be positively affected by strengthening customs operations, improving MS administrative capacity to implement Union law, developing judicial cooperation in civil and criminal matters, promoting and supporting MS actions in the field of crime prevention and establishing cooperation among law enforcement services. When it comes to overlaps, whereas the legal foundations contribute to defining the scope of each programme, **they also leave some room for overlaps with regard to targeted entities** (e.g. police, customs, judicial staff, etc.) **and actions** (e.g. training of staff, exchange of information and best practices, etc.).

Table 25. Legal foundations of selected EU-funded programmes

Programme	TFEU article(s)	Main content
Hercule III	Article 325	<ul style="list-style-type: none"> • Countering fraud and other illegal activities affecting the PFI, including MS coordination
Customs 2020	Article 33	<ul style="list-style-type: none"> • Strengthening customs cooperation
Fiscalis 2020	Articles 114 and 197	<ul style="list-style-type: none"> • Approximating the provisions that aim at the establishment and functioning of the Internal Market¹⁵⁸ • Improving MS administrative capacity to implement Union law, including exchange of staff and information
ISF Police	Articles 82(1), 84 and 87(2)	<ul style="list-style-type: none"> • Developing judicial cooperation in criminal matters, including mutual recognition and enforcement of judgments and decisions, preventing and settling

¹⁵⁸ This does not apply to fiscal provisions.

Programme	TFEU article(s)	Main content
		<p>conflicts of jurisdiction, facilitating cooperation between MS authorities, training of judiciary and judicial staff, etc.</p> <ul style="list-style-type: none"> • Promoting and supporting the actions of MS in the field of crime prevention • Establishing cooperation among law enforcement services in relation to the prevention, detection and investigation of crimes, including exchange of information and staff, training of staff, common investigative techniques in relation to the detection of serious forms of organised crime
Justice	Articles 81(1) and (2), 82(1) and 84	<ul style="list-style-type: none"> • Developing judicial cooperation in civil matters having cross-border implications, including mutual recognition and enforcement of judgments and decisions, compatibility of rules, cooperation in taking evidence, effective access to justice, training of judiciary and judicial staff, etc. • Developing judicial cooperation in criminal matters, including mutual recognition and enforcement of judgments and decisions, preventing and settling conflicts of jurisdiction, facilitating cooperation between MS authorities, training of judiciary and judicial staff, etc.

Source: Regulation 1286/2013, Regulation 1294/2013, Regulation 1382/2013, Regulation 250/2014, Regulation 513/2014.

Objectives and targeted groups

The degree of external coherence can then be assessed by analysing the objectives of each programme. Whereas **each programme pursues very different general objectives, interactions can be detected between specific and operational objectives**. In particular, the specific objectives of Customs 2020, Fiscalis 2020 and ISF (Police) appear to interact with preventing and combatting fraud, corruption and any other illegal activities affecting the financial interests of the EU, i.e. the specific objective of Hercule III. Table 26 shows the programmes' objectives with some potential to create synergies and overlaps with Hercule III: capital letters from A to F are used to emphasise potential links between objectives.

Against this background, it is worth remarking that 26 out of 56 beneficiaries (46%) consulted for this Assignment were customs administrations, 15 were research institutes or other non-profit making entities (27%) and seven were police or intelligence organisations (13%); consulted beneficiaries included only one tax authority.¹⁵⁹ Similar findings are also confirmed by the analysis of application forms: more than 58% of beneficiaries of TA actions in 2014 and 2015 were customs,

¹⁵⁹ This excludes customs authorities that are formally included in national tax administrations.

followed by police (18%). Therefore, **focusing on target groups, room for synergies or overlaps exists only between Hercule III, Customs 2020 and ISF (Police)**, as the interest of tax authorities and judicial authorities in the Hercule III Programme appears to be more limited.

Table 26. Interactions between programme objectives

Programme	Main target groups	General objective	Selected specific and operational objectives with potential interactions
Hercule III	National or regional administration promoting the PFI Research and educational institutes as well as non-profit entities promoting the PFI	Protecting the financial interests of the EU	Preventing and combatting fraud, corruption and any other illegal activities affecting the financial interests of the EU. (A) <ul style="list-style-type: none"> Enhancing transnational and multidisciplinary cooperation to prevent and investigate fraud (B) Facilitate the exchange of information, experience and best practices related to the PFI (C) Providing technical and operational support to MS authorities (D) Reducing the development of an illegal economy in key risk areas such as organised fraud (including cigarette smuggling and counterfeiting) (E) Promoting comparative law analysis and supporting academic analysis of strategic legal issues in the field of PFI (F)
Customs 2020	Customs authorities	Supporting the functioning and modernisation of the customs union by means of cooperation between participating countries	Protecting the financial and economic interests of the Union and of the MS, including the fight against fraud and the protection of intellectual property rights (A, E) <ul style="list-style-type: none"> Developing, improving, operating and supporting the European Information Systems for customs (C, D) Identifying, developing, sharing and applying best working practices and administrative procedures (C) Reinforcing the skills and competences of customs officials (C, D) Improving cooperation between customs authorities and international organisations, third countries, etc. (B)
Fiscalis 2020	Tax authorities	Improving the functioning of the taxation systems in the internal market by enhancing cooperation between participating countries	Supporting the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation (A) <ul style="list-style-type: none"> Implementing, improving, operating and supporting the European Information Systems for taxation (C, D) Supporting administrative cooperation activities (B) Reinforcing the skills and competences of tax officials (C, D) Supporting the improvement of administrative procedures and the sharing of good administrative practices (B, C)
ISF Police	Law enforcement authorities	Ensuring a high level of security in the Union	Preventing crime, combatting cross-border, serious and organised crime, and reinforcing coordination and cooperation between authorities both within and between MS (A, B, E) <ul style="list-style-type: none"> Promoting and developing measures strengthening MS capability to prevent crime and combat cross-border, serious and organised crime including terrorism, in

Programme	Main target groups	General objective	Selected specific and operational objectives with potential interactions
			particular through public-private partnerships, exchange of information and best practices, access to data, interoperable technologies, comparable statistics, applied criminology, public communication and awareness-raising (C, D, F) <ul style="list-style-type: none"> • Promoting and developing administrative and operational coordination, cooperation, mutual understanding and exchange of information (B, C) • Promoting and developing training schemes (C, D) • Contribute to the financing of technical assistance (D)
Justice Programme	Judicial authorities	Developing a European area of justice based on mutual recognition and mutual trust, by promoting judicial cooperation in civil and criminal matters	Facilitating and supporting judicial cooperation in civil and criminal matters (B) Supporting and promoting judicial training (C, D) <ul style="list-style-type: none"> • Promoting cross-border cooperation, improving mutual knowledge and understanding of the civil and criminal law and the legal and judicial systems of the MS and enhancing mutual trust (B) • Improving knowledge and understanding of potential obstacles to the smooth function of a European area of justice (F) • Improving the efficiency of judicial systems and their cooperation by means of information and communication technology, including the cross-border interoperability of systems and applications (C, D)

Note: Capital letters from A to F are used to emphasise interactions between specific and operational objectives of the programmes.

Source: Regulation 1286/2013, Regulation 1294/2013, Regulation 1382/2013, Regulation 250/2014, Regulation 513/2014.

Actions

Overall, Customs 2020 aims to support national administrations to perform customs control functions. The programme does not target prevention, detection and investigation of criminal activities, which are the legal basis of Hercule III. The legal basis, therefore, differs across the two programmes: a truck can be checked in order to perform customs control (scope of Customs 2020) or specifically to search for counterfeits or cigarettes (scope of Hercule III).

However, while performing customs control functions, some synergies could develop. For example, during the exercise of control activities, cigarettes might be seized, thereby positively contributing to the objectives of Hercule III. Also, some of the actions funded by Hercule III can contribute to strengthening the control functions covered by Customs 2020. At present, contrary to Hercule III, Customs 2020 does not fund equipment, whereas some specific functions of Customs 2020 might benefit from this equipment (sniffer dogs, interconnected systems for the recognition of number plates and container codes, etc.).

The largest share of Customs 2020 funds went toward funding IT capacity building via procurement (broadly 80% of the total budget). Within that budget, for instance, Customs 2020 aims at contributing to reinforcing the development, maintenance, operation, and quality control of Union components of the existing and new European Information Systems (EIS) with a view to interconnecting customs authorities. The development of these systems notably aims at ensuring that customs procedures are performed as quickly as possible, enabling better customs clearance times at EU borders. Such objectives, both within and across countries, can contribute to the quality of investigative work, especially for investigations that require the use of data in at least two MS.

As regards training, significant Customs 2020 funding is allocated to grants to attend meetings arranged mostly by the Commission. The Commission usually creates a project group with experts from MS on topical issues that can be limited to a sub-set of MS. Topics on investigation and prevention should not be within the scope of Customs 2020. Nevertheless, numerous topics covered by Customs 2020 can help reinforce the skills of the agents in charge of investigation and prevention.

Given that it targets different types of authorities, Fiscalis 2020 obviously shows less potential for overlaps and synergies with Hercule III. Nevertheless, as emphasised in the 2016 work programme, one of the core Hercule III missions is to support customs in detecting smuggled and counterfeit goods imported into the Union with the intention of evading VAT and/or excise taxes. Actions 2 and 3 of this work programme target the issue using taxes, the former by funding the purchase and maintenance of devices used for inspection (in containers, trucks, railway carriages, etc.) and the latter by funding the purchase, maintenance and cross-border automated systems for the recognition of number plates or container codes for purposes relating to the protection of the Union's financial interests. As such, the Hercule work programme clearly states in its Action 7 that regarding "Container Status messages, DG TAXUD and OLAF will work together to ensure an efficient approach is taken to developing the exploitation of CSM under the different applicable processes".¹⁶⁰ As stated, the "Commission will coordinate internally to avoid overlaps with financial support under other EU programmes".

Legal training and studies (including staff exchange) could contribute somehow to specific interactions between the Justice Programme and Hercule III. The legal basis of the Justice Programme allows it to train only judicial staff (judges, prosecutors, lawyers, clerks). It cannot train law enforcement officers, customs authorities, etc. Therefore, the room for overlap is limited for training. The training is on criminal law, civil law and on the Charter of Fundamental Rights. The protection of EU financial interests is not, for the time being, covered by the Justice Programme. Nevertheless, some Hercule III actions aim at raising awareness among the judiciary and other branches of the legal profession as regards protecting the Union's financial interests,

¹⁶⁰ CSM stands for "container status message".

including the publication of scientific knowledge (see its 2016 work programme, pp. 12 and 13).

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