



Opinion No 2/2024

OLAF's preliminary draft budget for 2025

May 2024

SUPERVISORY COMMITTEE



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Introduction

1. Under Regulation (EU) No 883/2013¹ (the “OLAF Regulation”) and Article 3 of Commission Decision 1999/352/EC, ECSC, Euratom², the European Anti-Fraud Office (OLAF) has full independence to exercise its investigative function in all EU institutions, bodies, offices and agencies established by or on the basis of the Treaty on the European Union (TEU), the Treaty on the Functioning of the European Union (TFEU) and the Euratom Treaty.
2. To ensure that OLAF can run efficiently and effectively and contribute in the best possible way to the EU’s objectives on fighting fraud (Article 325 of the TFEU), Article 18 of the OLAF Regulation provides that *“the total budgetary appropriations for [OLAF] shall be entered under a specific budget line within the section of the general budget of the European Union relating to the Commission and shall be set out in detail in an annex to that section”*.
3. The Supervisory Committee of OLAF (“the Committee”) regularly monitors the implementation by OLAF of its investigative function, in order to reinforce its independence³. In that context, the Committee addresses opinions to the Director-General, including where appropriate, recommendations on, *inter alia*, the resources needed to carry out the investigative function of OLAF (Article 15.1 of the OLAF Regulation).

The Committee’s opinion under Article 15.1

4. After exchanges with OLAF, the Committee adopts an opinion on OLAF’s preliminary draft budget for the coming year (“PDB”) with a view to providing assurance to the EU institutions that OLAF’s draft budget takes into account the independence of its investigative function and provides OLAF with the resources needed to that effect.
5. More particularly, the Committee’s opinion examines whether OLAF has adequate financial and human resources to step up the fight against fraud, corruption and any other illegal activity and carry out effectively the tasks assigned to it. In issuing an opinion on OLAF’s PDB the Committee also contributes to the discharge of the duties of OLAF’s Director-General⁴.

¹ Regulation (EU) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999, OJ L 248, 18.9.2013, p.1, as amended by Regulation (EU, Euratom) 2020/2223 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 883/2013, as regards cooperation with the European Public Prosecutor’s Office and the effectiveness of the European Anti-Fraud Office investigations, OJ L 437, 28.12.2020, p. 49.

² 1999/352/EC, ECSC, Euratom: Commission Decision of 28 April 1999 establishing the European Anti-Fraud Office (OLAF), OJ L 136, 31.5.1999, p. 20-22, amended by Commission Decision of 27 September 2013 amending Decision 1999/352/EC, ECSC, Euratom establishing the European Anti-Fraud Office, OJ L 257, 28.9.2013, p. 19-20.

³ Article 15(1) and Recital 37 of Regulation (EU) No 883/2013.

⁴ The Committee may also submit reports to the European Parliament, the Council, the Commission, and the Court of Auditors on the results of OLAF’s investigations and the action taken based on those results, including adopting an annual report on its own activities (Article 15(9) of the OLAF Regulation).

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6. Based on the latest PDB proposal sent by the Director-General of OLAF to the Committee on 4 April 2024, as modified following discussions of OLAF with DG Budget, the Committee issues this Opinion with a view to informing the Commission and the budgetary authority (European Parliament and Council) of its position on OLAF's PDB for 2025.

OLAF's PDB for 2025

7. As a preliminary point, the Committee recalls that an important feature of OLAF's budget is its interconnected structure, in that OLAF can transfer resources among its different budget lines according to its needs. In essence, that means that OLAF can make "internal" budgetary transfers without requesting the permission of the EU budgetary authority. This possibility has enabled in the past OLAF to face up to unforeseen events and challenges, and thus execute its budget with a higher degree of flexibility than any other Commission Directorate-General. The Committee has always been in favour of OLAF autonomy in budget management, as an additional (budgetary) guarantee of its independence in carrying out the tasks assigned to it.
8. As in previous years, OLAF's PDB for 2025 has been prepared against the backdrop of the current multiannual financial framework (MFFs) for 2021-2027, and the Commission's ongoing rigorous scrutiny of all administrative expenditures⁵.
9. More particularly, as far as the Commission's draft budget for 2025 ("DB 2025") is concerned, every Commission services, including OLAF, was asked to prepare its own draft budget for 2025 on the basis of the MFF in force, which currently provides for very limited margins and flexibilities. Thus, all Commission services are expected to keep any increase for non-salary-related expenditure limited to a maximum of 2% (in line with the MFF deflator), including for expenditure subject to automatic indexation such as rents. All possibilities for savings should be sought and any request for increase must be duly substantiated. In order to accommodate any increase beyond 2%, which might prove unavoidable, for instance in relation to energy costs, expenditure in other areas will need to be frozen or cut compared to the 2024 level.
10. Moreover, in line with the approach already followed for the 2024 budget, the Commission budgetary guidelines also provide that mission and representation expenditure will be frozen at the 2024 level. However, expenditure for meetings, expert groups, conferences and committees will be reduced across the board by 15% compared to the 2024 budget. Finally, in line with the 2024 Commission Decision on allocation of human resources, the overall stable staffing assumption will also be applicable for 2025⁶.
11. Based on the above Commission guidelines, on 16 February 2024 the Director-General of OLAF forwarded to the Committee OLAF's initial PDB proposal for 2025. After further exchanges and discussions between OLAF and DG Budget, OLAF's proposed PDB for 2025 was slightly modified and the total budget set at 70 515 750 EUR, a net increase of 5% compared to the budget for 2024 (67 177 650 EUR).

⁵ See https://commission.europa.eu/publications/multiannual-financial-framework-2021-2027-commitments_en.

⁶ See C(2023) 8918 final of 13.12.2023, Commission Communication: 'Overview of human resources and decentralised appropriations for 2024'.

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12. As in all previous OLAF budget, staff expenditure is the main cost factor weighing over 72% of the total budget. With that in mind, OLAF's proposed PDB, does not depart from the Commission's above mentioned budgetary orientations for 2025.
13. Thus, OLAF's budget lines for expenditure related to officials and temporary agents, on the one hand, and on "external staff" on the other, represent respectively a nominal increase of 4,29% which corresponds to the increase of average gross staff costs related to an automatic salary adjustment. The budget line "other management expenditure", has also been increased from 1 062 000 EUR in 2024 to 1 312 000 EUR in 2025, due to a new sub-budget line (250 000 EUR) for "consultations studies and surveys". As OLAF explained to the Committee, this new budget line, not foreseen in the 2024 budget, will cover the costs of the consultation process and studies, which OLAF will commission in 2025 within the context of the forthcoming evaluation of the OLAF Regulation.
14. With regard to OLAF's budget line for "missions and representation costs", the Committee notes the importance of the Commission's recommendation that all Commission services apply a linear reduction of 20% for missions and meetings within the framework of the Green Deal. Nevertheless, the Committee welcomes the fact that OLAF's budget for "mission and representation costs" will remain at the same level as in 2024, thus preserving OLAF's important capacity to conduct on the spot inspections in and outside the EU for the purposes of its investigations.
15. The Committee also welcomes the fact that after years of constant substantial increases, OLAF's budget for "Information and communication technology", now centralised within the Commission's general budget since 2021, remains at the same level as in 2024, a sign that OLAF's expenditure regarding its case management system is now earmarked for maintenance purposes rather than for further development.
16. Finally, the only notable increase in the OLAF budget concerns the budget line for "infrastructure and logistics" and, in particular, the sub-budget line for the "rent" that OLAF pays for its building. It shows an increase by 14%, due to - as OLAF explained to the Committee - an exceptional indexation in 2023, an event that is clearly beyond OLAF's (and the Commission's) control.
17. The next step is the consolidation by the Commission of all budgetary estimates of each EU institution, and the establishment of its annual 'draft budget', which will then be submitted to the Council and the European Parliament no later than 1 September (Article 314.2 TFEU). In practice, the Commission endeavours to adopt and present the draft EU Budget in early June (7 June)⁷.

OLAF's human resources

18. As already recalled in its previous Opinions on OLAF's PDB⁸ since Member States had agreed to a zero financial impact for the setting up of EPPO, it is OLAF which had to bear most of the adverse financial impact in terms of human resources. With a final transfer in 2023 of 16 posts to the EPPO, a total of 45 posts have been contributed by OLAF to the establishment of the EPPO.

⁷ The Commission may modify the draft budget at a later stage to take account of any new developments, but no later than the point at which the Conciliation Committee is convened (see Article 314.5 TFEU).

⁸ See, https://supervisory-committee-olaf.europa.eu/supervisory-committee-olaf/opinions-and-reports_en.

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19. In total, since 2018 and for 5 consecutive years, OLAF had to ‘return’ 74 posts (from 384 down to 310). At the same time, OLAF is now involved in a number of new strategic initiatives for the European Commission, such as its expected role under the Ukraine facility⁹ while at the same time devoting additional resources for the handling of complaints under the Complaints mechanism of Article 9b of the OLAF Regulation.
20. The Committee has always advocated that it is of paramount importance that OLAF has adequate human resources in its disposal to maintain a high level of performance. In that regard, the Committee notes that OLAF received 6 new posts in 2023, and that OLAF’s establishment plan for 2025 remains, despite the Commission’s ongoing costs cutting efforts and constrained budgetary margins, unchanged and based on a total of 316 posts. The Committee also notes that OLAF proposes a flat rate reduction of 3 posts, which reflects OLAF’s intention to reduce gradually the number of current vacant posts. That also implies that if in the past OLAF benefited from the many savings resulting from its many vacant and unfilled posts, which allowed it to finance other budgetary lines (see paragraph 7 above), it will no longer be able to do so in 2025 and the coming years.
21. Likewise, the Committee welcomes the fact that the budget line for expenditure related to external staff, i.e., contract agents, interim staff, and seconded national experts (increased by 4.3%), ensures that OLAF will continue to employ the same number of external staff as in 2024 (45). Moreover, OLAF also informed the Committee that it will receive, in 2024, 4 more contract agents whose budgetary costs will be covered by the Ukraine facility.

Conclusions

22. The Committee finds that OLAF’s PDB 2025 should enable OLAF to fulfil its mandate and tasks under the OLAF Regulation. The proposed increases in certain single budget lines are duly justified and in line with the Commission’s guidelines for establishing its draft budget for 2025.
23. That said, the Committee would like to emphasize that however beneficial the interconnected structure of its budget can be (see above paragraph 7), when executing its budget OLAF should always do so in a manner that is in line and respects as far as possible the general budgetary principles set out Articles 6 to 38 of the Regulation on the financial rules, applicable to the general budget of the EU, including in particular the principles of transparency and specification.¹⁰
24. As far as OLAF’s human resources are concerned, the Committee welcomes the fact that no more cuts are foreseen for 2025 in OLAF’s establishment plan, and that OLAF will also be given additional resources with regard to its expected role under the Ukraine facility, financed by the latter instrument.

⁹ The Ukraine Facility is a dedicated instrument which will allow the EU to provide Ukraine with up to €50 billion in stable and predictable financial support during this period, see https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/ukraine-facility_en.

¹⁰ See, Regulation (EU, Euratom) 2018/1046, OJ L 193, 30.7.201, p.1.

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25. Thus, the Committee:
- A. finds that OLAF's PDB for 2025 is in line with the Commission's budgetary proposals for establishing the Commission's draft budget for 2025;
 - B. welcomes the fact that OLAF's human resources will remain unchanged for 2025, in line with the Commission stable staffing assumptions.