

BETKONEXT

Better Knowledge for the Next Generations

Piccolori1967£25BETKONEXT Newsletter No. 4/2025

Contents

→ LUISS University has been awarded European funding for the [BETKONEXT project - Better Knowledge for the Next Generations](#), submitted by Professor of Administrative Law Aldo Sandulli through the EUAF (Union Anti-Fraud) Programme, overseen by the European Anti-Fraud Office (OLAF).

The project aims to explore thematic clusters focused on safeguarding the EU's financial interests under the umbrella term 'coordination'. It will do so thanks to the state-of-the-art advancements presented in a previous Hercule III project, "Better Knowledge for Better Solutions (BETKOSOL)".

Throughout the various phases of the project, BETKONEXT aims to explore potential institutional cooperation by examining diverse normative contexts and operational collaboration practices.

The research, scheduled to last 24 months, will be conducted by LUISS University and will involve research experts from the universities of Leuven, Toruń, and Barcelona. The Italian Committee for Combating Fraud Against the European Union (COLAF) will also collaborate on scientific research activities.

This is the seventh edition of the BETKONEXT newsletter.

The newsletter will be published on a quarterly basis on the project website for the entire duration of the project.

If you no longer wish to receive the newsletter, please email betkonext@luiss.it.

Latest updates

Conference on the Protection of the European Union's Financial Interests, held in Brussels at the European Anti-Fraud Office (OLAF)



Funded by the
European Union

BETKONEXT

Better Knowledge for the Next Generations

On 27 October 2025, the European Anti-Fraud Office (OLAF) hosted a full-day workshop in Brussels titled “[Protecting the EU’s Financial Interests: Addressing Evolving Fraud Schemes, Regulatory Gaps, and Administrative Challenges](#)”. The event brought together OLAF officials, academics, and members of the BETKONEXT research group to discuss emerging fraud risks affecting the EU budget and the tools required to combat them.

Speakers discussed the challenges of oversight related to the Recovery and Resilience Facility, the role of administrative sanctions in preventing fraud, and the use of interoperable databases for risk detection. This dedicated session focused on institutional coordination, offering insights into cooperation among OLAF, the EPPO, and national authorities, such as the Italian AFCOS and the Guardia di Finanza.

In the afternoon, experts addressed cross-border challenges in combating organised crime infiltration, harmonising conflict-of-interest regulations, and strengthening legal frameworks for the recovery of misused EU funds. The workshop concluded with a discussion on how to improve both administrative and criminal measures to better protect the EU’s financial interests.

→ The third BETKONEXT working paper is now available!

The third BETKONEXT working paper is now available!

BETKONEXT’s first working paper on “Competent authorities and the EU’s financial interests: new challenges, case-studies, and examples of good practice” has been completed and is now available on the [website](#)!

News flash

→ The EU Commission Issues New Guidance to Support the Implementation of the Social Climate Fund

The new [guidance](#) on implementing [the Social Climate Fund](#) (SCF), published by the European Commission on 9 October 2025, sets out detailed



instructions for Member States as they finalise their Social Climate Plans (SCPs). The SCF, established under [Regulation \(EU\) 2023/955](#) as part of the *Fit for 55 package*, aims to ensure a socially fair transition towards climate neutrality.

The SCF will make available up to €65 billion between 2026 and 2032, rising to at least EUR 86.7 billion with national co-financing (Art. 10, Reg. 2023/955). Designed as a bridge between the 2021–2027 and 2028–2034 Multiannual Financial Frameworks, the Fund ensures continuity of support across programming periods. The guidance also notes that the Commission may propose additional measures to maintain the Fund’s effectiveness under the post-2027 MFF. The SCF includes flexible mechanisms that allow the transfer of resources between cohesion policy funds to enhance complementarity between instruments ([Regulation \(EU\) 2021/1060](#)).

It provides Member States with a clear set of principles and practical instructions to ensure that SCPs are designed and implemented effectively, enabling support to reach those affected by energy or transport poverty without delay. To achieve this, it addresses several key areas, with a particular emphasis on safeguarding the EU’s financial interests. Member States, as beneficiaries of the SCF, must take all necessary measures to prevent the misuse of funds. This includes ensuring that all expenditures comply with EU and national laws and that robust mechanisms are in place to prevent, detect, and address fraud, corruption, and conflicts of interest, in accordance with Article 21 of the SCF Regulation. These requirements apply to all SCF-supported measures and investments, whether implemented by public or private entities.

To receive SCF funds, Member States must transpose the ETS2 legislation and submit their SCPs for Commission approval. The Commission has up to five months to evaluate each plan. The first payment requests may be submitted from 31 July 2026, subject to the fulfilment of milestones and targets.

→ Council Adopts VAT in the Digital Age Directive, Reinforcing EU Revenue Protection

The Council of the European Union has formally adopted [Directive \(EU\) 2025/516 of 11 March 2025](#), amending Directive 2006/112/EC to adapt the EU VAT system to the digital economy.



The directive is part of the “VAT in the Digital Age” (ViDA) package and responds to structural weaknesses in VAT collection that have contributed to persistent revenue losses and a significant VAT gap across the Union.

Among its key elements, the directive strengthens the VAT framework governing cross-border e-commerce and distance sales of imported goods, particularly in cases involving non-EU suppliers and digital platforms. By broadening the scope of the “deemed supplier” model and strengthening the principle that VAT is payable in the Member State of destination, the revised regulations ensure that VAT revenues are collected in the jurisdiction where consumption actually takes place, thus reducing opportunities for evasion, under-reporting, and regulatory arbitrage.

The directive further promotes the use of EU-wide simplification schemes, particularly the Import One-Stop Shop (IOSS), to increase transparency, reduce fragmented national registrations, and improve tax authorities' ability to monitor and verify VAT obligations for low-value goods imports. At the same time, it introduces safeguards to ensure the proper use and verification of VAT identification numbers, supporting more effective administrative cooperation and control.

While the directive primarily aims to modernise and harmonise the VAT system, its measures directly impact on the effectiveness of VAT collection, which is a key source of revenue for Member States and an important basis for calculating the EU's own resources. In this respect, Directive (EU) 2025/516 represents a structural step towards strengthening compliance, reducing fraud risks and indirectly safeguarding the European Union's financial interests in an increasingly digital and cross-border economic environment.

→ Weaknesses identified in the EU's Anti-Fraud Framework

A recent [report by the European Court of Auditors \(ECA\)](#) finds that the EU's anti-fraud framework is compromised by shortcomings in information exchange among key institutions, which affects the effectiveness and timeliness of investigations and oversight of the EU budget.



BETKONEXT

Better Knowledge for the Next Generations

Although the European Anti-Fraud Office (OLAF) and the European Public Prosecutor's Office (EPPO) have enabled the recovery and freezing of substantial sums, the European Commission still lacks a comprehensive mechanism to verify that all amounts owed to the EU budget are ultimately recovered. Auditors point to complex reporting procedures, limited cooperation, and gaps in information sharing, and call for a simpler, more coherent system as the EU's anti-fraud framework is being reviewed.

→ A New Step Forward in the EU Fight Against Corruption. A Provisional Deal Secured between the Council and the EU Parliament on the Anti-Corruption Directive Proposal

On 2 December 2025, the Council and the European Parliament reached a provisional political agreement on the new EU directive to strengthen the fight against corruption, thus setting common minimum standards for the definition, prevention and sanctioning of corruption offences across the Union. The agreement marks an important step in the progressive consolidation of the EU's "anti-fraud and anti-corruption *acquis*", alongside the PIF Directive and the case law on the protection of the Union's financial interests.

At the core of the new directive lies the harmonisation of criminal offences. As stated in the previous [BETKONEXT deliverables](#), Member States will be required to criminalise, in accordance with convergent definitions, a broad range of conduct, including bribery in both the public and private sectors, misappropriation, trading in influence, obstruction of justice, illicit enrichment arising from corruption offences, concealment, and specific serious forms of unlawful exercise of public functions.

In this way, the EU seeks to overcome fragmentation in national criminal codes and to ensure that comparable behaviour triggers comparable criminal responses throughout the Union, regardless of whether it occurs in the public or private sphere. The directive will also bring together, in a single legislative instrument, areas previously governed by separate instruments – notably the 1997 Convention on corruption involving EU and national officials and the 2003 framework on private-sector corruption – thus rationalising and updating the EU's normative framework in the light of international obligations under the



United Nations Convention against Corruption.

The agreement also includes a substantial alignment of sanctions. For natural persons, the directive establishes minimum thresholds for maximum penalties of at least three to five years' in prison, depending on the offence concerned. In addition to custodial sentences, those convicted may face a range of ancillary penalties, including removal from public office, disqualification from holding public positions or performing public service activities, revocation of permits, and exclusion from participation in public tenders or access to EU and national funds.

These measures are explicitly designed to enhance both the punitive and preventive effects of the new framework by limiting the ability of individuals convicted of corruption to continue holding sensitive positions or benefiting from public resources.

Particular attention is given to the liability of legal entities. Reflecting recent trends in corporate criminal and administrative enforcement, the directive requires Member States to ensure that companies involved in corruption offences face sanctions that are effective, proportionate, and dissuasive. These fines will be imposed either as a percentage of the legal entity's total worldwide turnover (ranging from at least 3% to at least 5%) or as fixed amounts (from at least EUR 24 million to EUR 40 million), depending on the severity of the offence. The introduction of turnover-based thresholds is especially important, as it ensures that sanctions maintain a strong deterrent effect, even for large multinational groups.

The agreement further clarifies the rules on jurisdiction, reflecting the inherently cross-border nature of contemporary corruption and seeking to mitigate enforcement gaps between national legal systems.

Beyond criminalisation and sanctions, the directive also has a strong preventive dimension. Member States will be required to take measures to promote awareness of the harmful effects of corruption and to increase transparency and accountability in public administration. In particular, they will have to establish or designate bodies entrusted with both the prevention and prosecution of corruption. These will require sufficient independence, qualified staff, and adequate financial resources—just as Italy did in 2012 with



BETKONEXT

Better Knowledge for the Next Generations

its national agency, ANAC. Periodic corruption-risk assessments targeting sectors and professions particularly exposed to corruption must be carried out and translated into targeted mitigation measures. Finally, the directive envisages specific safeguards for individuals who report corruption offences, provide evidence or otherwise cooperate with competent authorities, ensuring that they have access to protection, support and assistance in the context of criminal proceedings.

Once formally adopted by the Council and the European Parliament, the directive will complete the ongoing update of the EU legal framework on corruption, aligning it more closely with UNCAC standards and with the broader EU strategy on the rule of law, good administration and the protection of the Union's financial interests. For research initiatives such as BETKONEXT, which examine the coordination between administrative and criminal tools in the fight against fraud and corruption, this new instrument will constitute an essential benchmark for future analysis of national transposition choices, enforcement practices and the evolving interplay between EU and domestic actors in the anti-corruption field.

→ EPPO: Key Investigations Safeguarding the EU's Financial Interests

From a procedural perspective, as highlighted in previous [BETKONEXT reports](#), the EPPO's operational activity has experienced a significant increase in cases in recent months. This reflects an intensification of investigations and an expansion of its areas of intervention. Reviewing a selection of the most relevant proceedings offers a clearer understanding of the Office's operational priorities, the evolution of transnational dynamics, and the tangible impact of its efforts to protect the European Union's financial interests.

Within this framework, significant emphasis is placed on the investigation coordinated by the EPPO offices in Bologna and Naples into a substantial VAT fraud of EUR 260 million in the fuel trading sector. The investigation uncovered a complex carousel fraud scheme involving the import of fuel from various European countries and the use of more than forty shell companies created solely to systematically evade VAT. Preventive seizure orders were issued against the company linked to the alleged ringleader, who had already been sentenced in the first instance to eight years in prison and the



confiscation of assets worth up to EUR 73 million. This action represents a continuation of the investigation that began in 2024, which had already dismantled a criminal group consisting of fifty-nine suspects and thirteen companies and resulted in the seizure of assets valued at approximately EUR 20 million. The findings indicate an estimated financial loss of EUR 260 million, with suspected money laundering of over EUR 35 million through accounts in Hungary and Romania. This demonstrates the scheme's transnational scope and highlights the EPPO's key role in combating complex fraud.

In connection with investigations into fraudulent schemes affecting EU funds, the EPPO office in Milan coordinated a comprehensive inquiry that led to precautionary measures against three entrepreneurs suspected of misappropriating funds from the "New Skills Fund". The investigation, based on wiretaps, financial flow analyses, and testimony from over 200 employees, uncovered a fraudulent scheme to create fictitious training courses for 1,500 employees across 32 companies. The simulation of training activities conducted on a digital platform resulted in an estimated loss of EUR 40 million, of which EUR 20 million was reinvested in real estate acquisitions. In addition to the three precautionary measures, further investigations included other individuals and legal entities, bringing the total to seven suspects and seven companies. This case also highlights the EPPO's role in ensuring the proper use of EU funds.

Another important investigation involves a EUR 19 million VAT fraud related to smuggling goods from China, overseen by the EPPO offices in Bologna and Turin. The investigation uncovered a sophisticated abuse of customs procedures CP42 and CP45, which are designed to facilitate intra-EU trade. Goods declared as destined for other Member States to avoid VAT were, in fact, sold on the Italian market, causing significant fiscal and competitive damage. The scheme relied on a fiscal warehouse and a network of shell companies in Italy and abroad to simulate legitimate intra-community transactions. Additionally, further document falsifications enabled goods to be released from VAT warehouses without paying the tax. The transnational nature of the fraud was confirmed through searches conducted in six European countries, with the support of OLAF and Europol, which revealed that the companies involved lacked genuine operational structures. The EPPO's intervention enabled the reconstruction of the entire mechanism, ensuring effective protection against customs and tax fraud that exploits EU procedures.



Lastly, a highly complex investigation targeted a fraudulent scheme to divert approximately EUR 20 million from the Common Agricultural Policy (CAP) funds. The inquiry revealed that an agricultural company in the province of Padua had artificially divided its assets among twelve shell companies in different Italian regions to circumvent the European Agricultural Guarantee Fund's (EAGF) annual maximum limit of EUR 500,000 per beneficiary. Between 2017 and 2022, this practice allegedly enabled the illicit acquisition of substantial EU subsidies, prompting the investigating judge to order the freezing of EUR 17.2 million and the seizure of more than 8,500 basic payment entitlements. The investigation also uncovered additional fraudulent activities, including the systematic circumvention of the ban on third-party grazing through fake agreements that assigned land and livestock to non-operational farmers. The Regional Prosecutor of the Court of Auditors of Veneto was informed of the financial damage, estimated to exceed EUR 32 million. The EPPO played a decisive role in reconstructing the transregional structure of the fraudulent system and in implementing the precautionary and asset measures necessary to protect the EU's financial interests.

Taken together, these proceedings clearly demonstrate the expansion of the EPPO's operational scope and the Office's increasing ability to detect complex fraudulent activities, characterised by transnational structures and having a considerable impact on the Union budget. As highlighted in our most recent report, this development also highlights the effectiveness of cooperation with national authorities and European investigative bodies, confirming the European Public Prosecutor's Office's central role in safeguarding the Union's common financial interests.

→ EPPO investigates suspected fraud in EU Diplomatic Training Programme

The [EPPO has launched an investigation](#) into suspected fraud involving EU-funded training for junior diplomats, with searches carried out at the beginning of December 2025 at the College of Europe in Bruges and the European External Action Service (EEAS) in Brussels. Three suspects were detained during the operation.

The investigation concerns the European Union Diplomatic Academy, a



nine-month training programme awarded by the EEAS to the College of Europe for the 2021–2022 period following a tender procedure. At EPPO's request, and with judicial authorisation, Belgian federal police conducted searches at institutional premises and private residences, with support from OLAF.

Investigators are examining whether confidential information about the tender selection criteria was unlawfully shared before the official publication of the call, potentially violating EU rules on fair competition under the Financial Regulation. The case may involve procurement fraud, corruption, conflicts of interest, and breaches of professional confidentiality. Several immunities were lifted before the searches took place.

→ Recent Developments in Spain's Fight Against Corruption

1. On 9 July 2025, the Spanish Government finally approved the State Plan to Combat Corruption, based on the recommendations issued by the Group of States against Corruption of the Council of Europe (GRECO), the OECD, and the European Commission. This Plan has been designed to consolidate the progress already achieved in the fight against corruption, address the structural weaknesses identified, and establish a clear roadmap for the rollout of measures that will enable further progress towards a more honest and transparent public administration.

More specifically, the Spanish Anti-Corruption Plan is structured around five pillars. The first pillar focuses on preventing corruption. To achieve this objective, an Independent Public Integrity Agency will be established as the central body for the prevention, oversight, and prosecution of corruption, and the development of integrity risk maps will be promoted. In addition, complementary measures are envisaged, including updating the regulatory framework on open government and transparency; conducting random audits of the assets of senior public officials; transforming the public procurement portal through new digital tools; and strengthening oversight of party financing and political activity.

The second pillar focuses on ensuring the effective protection of individuals who report regulatory breaches, in particular cases of corruption. In this regard, although Spain has made progress in the level of protection



afforded to whistleblowers following the adoption of Law 2/2023 and the creation of the Independent Authority for the Protection of Whistleblowers, further improvements are deemed necessary, including enhanced safeguards for reporting persons and the introduction of more effective reporting channels. Further aspects of this topic are discussed below.

The third pillar seeks to strengthen the response to cases of corruption. To this end, the Plan aims to expand the capacity of the Public Prosecution Service and the Judiciary to investigate, prosecute, and punish corruption through the creation of specialised sections in each court of first instance and by increasing staffing and resources within the Anti-Corruption Prosecutor's Office; establish new control and sanctioning mechanisms targeting corrupt companies; restrict the ability of such companies to contract with the public sector (blacklisting) and require them to adopt compliance mechanisms; and amend the Criminal Code by introducing new offences against the Public Administration and more severe penalties.

The fourth pillar focuses on measures to recover assets derived from corrupt activities, as an essential element in repairing the damage caused to the public interest. To this end, the Asset Recovery and Management Office's functions will be strengthened.

The fifth pillar aims to promote an anti-corruption culture among citizens, businesses, and public administrations through training programs, social awareness campaigns, and surveys on public perceptions of corruption. All these initiatives seek to foster a culture of prevention and the fight against corruption so that it permeates society as a whole and helps to identify and report such practices.

2. In November of this year, the Spanish Supreme Court, in Special Case No. 20557/2024, convicted Álvaro García Ortiz, who was then serving as State General Prosecutor, of the offence of disclosure of secrets. He was sentenced to a fine and two years' disqualification from holding that office for leaking to the press an email sent by the lawyer of Alberto González Amador, the President of the Autonomous Community of Madrid's partner, who was under criminal investigation for financial fraud-related offences.



In its judgment, the Supreme Court concludes that García Ortiz, or someone from his close circle acting with his knowledge, leaked the email and subsequently issued a press release containing González Amador's proposed plea agreement, including the acknowledgement of two criminal offences. The Court observes that the State General Prosecutor cannot respond to false information by committing a criminal offence and emphasises that he was bound by a strict duty of confidentiality, which he breached without justification.

3. As already mentioned, the protection of whistleblowers is a central element in the early detection of fraud and corruption, and it is essential that this important tool can be applied effectively. To begin implementing Law 2/2023 on the protection of whistleblowers, the Independent Authority for the Protection of Whistleblowers was finally put into operation in September 2025. This Authority is responsible for managing the external reporting channel at the State level, protecting whistleblowers, and sanctioning individuals or companies that retaliate against them. Alongside the regional authorities in the autonomous communities, which exercise these functions at the regional and local levels, it fulfils these responsibilities.

The implementation of the Independent Authority for the Protection of Whistleblowers was carried out by Order PJC/908/2025 of 8 August, which establishes the Authority's date of implementation. Among the main novelties since its implementation, it is worth noting that the authority has announced it will soon approve a circular aimed at developing a system to inspect internal reporting channels and verify their compliance with the law's provisions.

In particular, regarding the Independent Authority for the Protection of Whistleblowers' initial activities, we would also like to highlight that on 11 and 12 December 2025, the Canary Islands Audit Court organised the XVI Meeting of the Spanish Network of Anti-Corruption Agencies and Offices. The President of the Whistleblower Protection Authority participated in this meeting, as did representatives of national, regional and local agencies, offices and bodies whose remit covers the fight against fraud and the prevention of corruption. Among the topics discussed, he highlighted the problems raised by Law 2/2023 to ensure effective application. The meeting of the Network ended with the adoption of a [joint statement](#) in which it is highlighted that the representatives



of the offices and agencies “CONSIDER it urgent to complete the institutional architecture of the independent whistleblower protection authorities contemplated in Law 2/2023 for the entire Spanish State”, and “EXPRESS THEIR CONCERN about the inadequacy of some aspects of the legal regulation of whistleblower protection to the purpose for which it was created, which give rise to gaps and problems of application that make it difficult to achieve them”.

4. The last news to highlight was [publicly announced on December 22 through the media](#). This is the first sanction imposed by a whistleblower protection authority in Spain on a company for retaliating against a whistleblower. In particular, the Anti-Fraud Office of Catalonia, in application of the sanctioning regime of Law 2/2023, imposed a fine of EUR 600,000 after it was judicially confirmed (by a court of the social jurisdiction) that internal detrimental measures had been adopted as a form of retaliation against the worker, for the sole fact of having reported suspected irregularities in hiring, bonus collections, and time controls.

→ The Polish National Recovery Plan: implementation challenges at the close of 2025

The final months of 2025 proved particularly difficult for Poland as it implemented the National Recovery Plan (NRP). November and December were marked by intense negotiations, tight deadlines, and efforts to make up for earlier delays, highlighting the structural difficulties involved in implementing this key policy instrument.

One of the most significant challenges was to finalise the NRP revision and its adjustment to current economic conditions. In the last months of the year, the public administration focused on concluding negotiations with the European Commission on changes to the plan's structure. The revision included, among other things, reallocations of funds between components, the withdrawal of projects whose implementation proved unrealistic under the original timetable, and updates to investment budgets due to rising material and service costs. Infrastructure and energy projects were a clear example, as initial cost estimates became outdated amid high inflation. Although necessary, the revision process temporarily absorbed administrative capacity and delayed



the launch of new calls for proposals as well as the signing of agreements with beneficiaries.

Another key challenge was the pressure to meet milestones and prepare payment requests. During November and December, the central administration had to simultaneously finalise legislative work, implement institutional reforms, and document investment progress to fulfil the conditions for subsequent disbursements. Reforms requiring statutory amendments proved particularly demanding, as they had to go through the full legislative process within a short timeframe. Examples included measures in the healthcare and labour market components, where delays in adopting legislation affected the implementation schedules of entire sections of the plan. The NRP's performance-based model meant that even minor delays posed a tangible risk of delaying EU payments.

A third challenge, especially evident at the end of 2025, involved administrative constraints and operational difficulties in project implementation. Institutions responsible for delivering the NRP faced an accumulation of tasks, staff shortages, and complex public procurement procedures. At local government level, problems included lengthy tender processes and difficulties securing contractors amid rising implementation costs. In practice, this led to delays in contract signing and the postponement of project start dates, particularly for infrastructure and digitalisation investments.

November and December 2025 showed that implementing the National Recovery Plan requires not only effective negotiations at the European level but also strong administrative capacity and the flexibility to adapt to changing conditions. The end of the year proved to be a stress test for Poland's NRP delivery system and a clear signal of the challenges that will shape the next stages of implementation.

The BETKONEXT team



Funded by the
European Union