

**HEADING 1A: Competitiveness for growth and jobs****Exchange, assistance and training programme for the protection of the euro against counterfeiting (Pericles 2020)**

Lead DG: ECFIN

**I. Overview*****What the programme is about?***

The Pericles 2020 programme funds staff exchanges, seminars, trainings and studies for law enforcement and judicial authorities, banks and others involved in combating euro-counterfeiting. Actions can take place in the euro area, in EU countries outside the euro area and in third countries. Since 2015 applications by all 28 Member States' competent authorities can be introduced to receive co-financing. The Directorate-General for Economic and Financial Affairs (DG ECFIN) can also initiate actions to complement Member States' initiatives. The Pericles 2020 programme dedicates a bit more than € 7,3 million for the implementation of the programme, for the period 2014-2020.

***EU added value of the programme***

The Programme shall actively encourage and entail an increase in transnational cooperation for the protection of the euro inside and outside the Union and with the Union's trading partners, and with attention also being paid to those Member States or third countries that have the highest rates of euro counterfeiting, as shown by the relevant reports issued by the competent authorities; this cooperation shall contribute to the greater effectiveness of these operations through the sharing of best practice, common standards and joint specialised training.

***Implementation mode***

The Pericles 2020 Programme is implemented under direct management (DG ECFIN) and involves procurement and call for proposals.

- Bodies eligible for funding (call for proposals) under the Programme shall be the competent national authorities as defined in point (b) of Article 2 of Regulation (EC) No 1338/2001.
- In implementing the procured actions, the Commission may choose to use the services of firms specialised in organising events under a framework contract.

**II. Programme Implementation Update*****Implementation Status (2017-2019)*****2017**

- Annual budget for the implementation of the 'Pericles 2020' Programme 2017 – Call for proposals ref. 2017 ECFIN 004/C5 was set at EUR 1 047 500. A total of EUR 1 047 478 was committed: 99.9 % of the budget was committed.
- 13 projects funded: 10 originated from the competent authorities and 3 were initiatives of the Commission.
- Funded applications: 8 are seminar/conferences/workshops, 4 staff exchanges, and 1 purchase of equipment.
- 5 actions were implemented in 2017, while 8 actions were implemented in 2018.
- Estimated number of participants: 756.

**2018**

- Annual budget for the implementation of the 'Pericles 2020' Programme 2018 – Call for Proposals ref. 2018 ECFIN 006/C5 was set at EUR 1 055 100. A total of EUR 993 388 was committed: 94.15 %, of the budget was committed.
- 11 projects funded: 8 originated from the competent authorities and 3 were Commission initiatives.
- Funded applications: 5 are seminar/conferences/workshops, 4 staff exchanges, and 2 purchase of equipment.
- 5 actions were implemented in 2018, while 6 actions were implemented in 2019.
- Estimated number of participants: 568.

**2019**

- Annual budget for the implementation of the 'Pericles 2020' Programme 2019 – Call for Proposals ref. 2019 ECFIN 006/C3 was set at EUR 1 072 400. A total of EUR 1 064 821 was committed: 99.3 %, of the budget was committed.
- 13 projects funded: 10 originated from the competent authorities and 3 were Commission initiatives.
- Funded applications: 7 conferences, 3 technical trainings, 2 staff exchanges and 1 workshop.
- 7 actions were implemented in 2019, while 6 actions will be implemented in 2020.
- Estimated number of participants: 565.

**Key achievements**

The latest data for the defined programme indicators (further details are provided in the ‘Performance information’ section) is as follows: 559 000 counterfeit euro banknotes and 187 602 counterfeit euro coins detected (2019), 23 illegal workshops (mints and print shops) dismantled (2018), and 5 932 individuals arrested (2018). However, these results, while linked to the protection of the euro are not directly linked to the programme implementation.

**Mid-term evaluation**

The key findings of the latest evaluation: Communication from the Commission to the Council and the European Parliament on the mid-term evaluation of the Programme for exchange, assistance and training for the protection of the euro against counterfeiting (‘Pericles 2020’ Programme) COM/2017/0741 final, have been presented in the Programme Statements of the Draft Budget 2020.

**Forthcoming implementation**

2020 will feature the implementation of 5 projects originating from the competent authorities of euro area Member States and 1 Commission action, financed under the 2019 budget (2019 commitments).

The programme highlights Member State work on reaching and educating officials in China, Latin America, the Balkan Area and Eastern Europe, as well as in the EU.

The 2019 Pericles commitments to be implemented in 2020 reflect a high diversification of the type of actions, distributed between seminars, staff exchanges, technical trainings and a workshop. Establishing and maintaining contact to discuss issues of euro protection with law enforcement, bank representatives and judiciary officials will contribute to the overall stability of the currency, to further closures of workshops, illegal print shops and mints, and to additional arrests of criminals as well as to important seizures of counterfeit euros before entering into circulation.

The payment appropriations for 2020 (current nomenclature’s budget line 01.0204) will cover the pre-financing payments for the actions awarded a grant in 2020 and for the payment obligations for outstanding commitments in earlier years. These payments will be made in line with the relevant grant/contract provisions.

The payment appropriations for 2021 will cover the pre-financing payments for the actions awarded a grant in 2021 (future nomenclature’s budget line 06.0301) and for the payment obligations for outstanding commitments from the Pericles 2020 programme (future nomenclature’s budget line 06.039901). These payments will be made in line with the relevant grant/contract provisions.

**Outlook for the 2021-2027 period**

The Commission proposed a continuation of the programme for the next multiannual financial framework:

- Commission’s proposal for a Regulation of the European Parliament and of the Council establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the ‘Pericles IV programme’);
- Commission’s Proposal for a Council Regulation extending to the non-participating Member States the application of the, EU Regulation establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the ‘Pericles IV’ programme).

General objective: To prevent and combat counterfeiting of the euro and related fraud, to enhance the competitiveness of the Union’s economy and securing the sustainability of public finances.

Specific objective: To protect euro banknotes and coins against counterfeiting and related fraud, by supporting and supplementing the measures undertaken by MS and assisting the competent authorities in developing a close and regular cooperation and an exchange of best practice, where appropriate including third countries and international organisations.

Financial envelope: The financial envelope for the implementation of the Programme for the period from 1 January 2021 to 31 December 2027 shall be subject to the approval by the EU legislator.

Implementation mode: Direct management through grants or public procurement.

- Entities eligible for funding under the Programme shall be the competent national authorities as defined in point (b) of Article 2 of Regulation (EC) No 1338/2001;
- Eligible actions include: exchange and dissemination of information through workshops, meetings and seminars, including training, targeted placements and exchanges of staff; technical, scientific and operational assistance; research (e.g. to improve security features of currency); purchase of equipment to detect and analyse counterfeits to be used by specialised anti-counterfeiting authorities of third countries for protecting the euro against counterfeiting.

The priorities as set out in the Pericles Strategy are to be endorsed by the Euro Counterfeiting Experts Group (ECEG), as provided for by Council Regulation (EC) 1338/2001 of 28 June 2001. In order to ensure business continuity, in principle, the priorities for 2021 will be same as those for 2020:

- Supporting activities aimed at improving cooperation among those Member States which are particularly affected by the production and distribution of counterfeits;
- fostering cooperation with authorities of those third countries where there is suspicion of or evidence for counterfeit euro production;
- maintaining an efficient framework for the protection of the euro in South Eastern Europe;
- topical developments: Security features of euro coins, the implementation of Regulation (EU) No 1210/2010 concerning authentication of euro coins and handling of euro coins unfit for circulation, distribution of counterfeits and high quality components on the internet, support for the establishment/reinforcement of National Central Offices

### III. Programme key facts and performance framework

#### 1. Financial programming

Legal Basis	Period of application	Reference Amount (EUR million)
Regulation (EU) No 331/2014 of the European Parliament and of the Council of 11 March 2014 establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the 'Pericles 2020' programme) and repealing Council Decisions 2001/923/EC, 2001/924/EC, 2006/75/EC, 2006/76/EC, 2006/849/EC and 2006/850/EC	2014 – 2020	7,3

	Financial Programming (EUR million)							
	2014	2015	2016	2017	2018	2019	2020	Total Programme
Operational appropriations	0,9	1,0	1,0	1,0	1,1	1,1	1,1	7,3
<b>Total</b>	<b>0,9</b>	<b>1,0</b>	<b>1,0</b>	<b>1,0</b>	<b>1,1</b>	<b>1,1</b>	<b>1,1</b>	<b>7,3</b>

#### 2. Implementation rates

	2019				2020			
	CA	Impl. Rate	PA	Impl. Rate	CA	Impl. Rate	PA	Impl. Rate
Voted appropriations	1,072	99,29 %	1,080	99,44 %	1,100	0,00 %	0,850	12,63 %
Authorised appropriations (*)	1,079	98,65 %	1,087	98,80 %	1,107	0,00 %	0,857	13,34 %

(\*) Authorised appropriations include voted appropriations, appropriations originating from assigned revenues (internal and external) as well as carried-over and reconstituted appropriations; the execution rate is calculated on 15 April 2020

#### 3. Performance information

##### Programme performance

Pericles 2020 is achieving its objective of protecting euro banknotes and coins against counterfeiting and fraud by supporting the Member States and assisting the competent national and Union authorities. The programme has made a substantial contribution to the further improvement of coordination and cooperation at international, European and Member States level, as well as the creation of more solid structures for the protection of the euro. The programme also contributed to the adoption of legislation aimed at improving euro protection and the establishment of national central offices.

The mid-term evaluation of the programme concludes that all findings converge towards a positive overall assessment. In particular, it notes that in terms of effectiveness, Pericles 2020 actions were typically implemented as planned and achieved the intended outputs, and evidence suggests that the outputs delivered did translate into tangible outcomes. Participant feedback provided immediately after events shows a high degree of appreciation, with 97 % expressing a positive or highly positive assessment. More importantly, survey results show that a large share of participants claimed to have learned about best practices, acquired useful skills, and established contacts with colleagues in other countries. The quality of actions was also judged positively by the authorities involved.

Available evidence suggests that the outputs delivered did translate into tangible outcomes, although there are some variations across the various groups and the type of progress recorded. Improvements in operational capabilities and the adoption of improved methods are emphasised by third country authorities and by individual participants in the Programme's initiatives. A different situation is found regarding the improvements in international cooperation. In this case, the most positive results were achieved by the competent national authorities (CNAs), ECB and Europol. Positive developments are also reported by third country authorities and by individual participants, but to a less extent. This dichotomy in results well illustrates the challenges faced by the Programme, which is confronted with a widely diversified audience, with different agendas, levels of capabilities, and needs that are not always easy to reconcile.

One of the recommendations from the mid-term evaluation is to encourage more competent national authorities to apply to the programme. This could be achieved by a more intense marketing strategy and the establishment of contacts with high level decision-makers to ensure the opportunities of the programme are well understood.

Despite the fact that the phenomenon seems to be currently under control, counterfeiting continues to be a major threat to the euro. The increased number of counterfeit banknotes, the rise of ‘sophisticated’ counterfeits, the increasing availability of technology and the interest in counterfeiting of Organised Crime Groups requires a continuous attention.

The Pericles 2020 programme currently uses a set of four specific quantitative performance indicators as laid down in the basic legal act: the number of (i) counterfeits detected, (ii) illegal workshops (print shops and mints) dismantled, (iii) individuals arrested, and (iv) penalties imposed.

Despite the fact that the performance indicators are linked to the protection of the euro and the results for these indicators approach their targets, the primary challenge is that the link with Pericles 2020 actions is not direct: other external factors can influence the indicators, and they primarily measure the repression (and not the prevention) aspect of the phenomenon.

Quantifying the impact of a capacity building initiative in terms of operational results is an exercise fraught with difficulties due to the influence of a host of intervening factors, and this is particularly the case of initiatives intended to protect against criminal activities, the magnitude of which is almost by definition unknown.

Subject to this major caveat, there is evidence that, in selected situations, the Programme has indeed exerted a direct tangible influence on euro protection operational activities. Moreover, for indicators (iii) and (iv) it has proved difficult to acquire the data and/or to adequately measure the indicator.

Therefore, for the future programme, indicators (iii) and (iv) shall be replaced with a qualitative indicator which is measurable through the output of the implemented actions, thereby ensuring that there will be an effective performance framework in place.

As part of the Commission proposal for the future Pericles IV MFF programme, the implementation results for the specific objectives of the programme are proposed to be monitored and measured through the following key performance indicators:

- level of counterfeit euro banknotes and coins (before and after circulation);
- number of counterfeit workshops dismantled;
- feedback received from participants in the actions financed by the programme

**General objectives**

**General Objective 1:** To prevent and combat counterfeiting and related fraud thus enhancing the competitiveness of the Union’s economy and securing the sustainability of public finances

**Specific objectives**

**Specific Objective 1:** To protect the euro banknotes and coins against counterfeiting and related fraud, by supporting and supplementing the measures undertaken by the Member States and assisting the competent national and Union authorities in their efforts to develop between themselves and with the European Commission a close and regular cooperation and an exchange of best practices, also where appropriate, including third countries and international organisations

Indicator 1: Number of counterfeits detected								
Baseline	2014	2015	2016	2017	2018	2019	2020	Target
2011	Milestones foreseen							2020
Banknotes: 606 000				+/- 5 % compared to 2011			Keep counterfeits under control in an average +/- 5 % compared to 2011	Keep counterfeits under control in an average +/- 5 % compared to 2011
	Actual results							
	838 000	899 000	684 000	694 000	563 000	559 000		
2011	Milestones foreseen							2020
Coins: 157 000				+/- 5 % compared to 2011			Keep counterfeits under control in an average	Keep counterfeits under control in an average +/- 5 % compared to 2011
							control in an average	

							+/- 5 % compared to 2011	
Actual results								
192 195	146 899	150 258	160 914	179 353	187 602			

Indicator 2: Number of illegal workshops dismantled								
Baseline	2014	2015	2016	2017	2018	2019	2020	Target
2011	Milestones foreseen							2020
45.00				46.35			47.25	47.25
	Actual results							
	37.00	32.00	29.00	22.00	23.00			

Narrative: Target: 5 % increase from 2011

Milestone 2017: 3 % increase from 2011

Indicator 3: Number of individuals arrested								
Baseline	2014	2015	2016	2017	2018	2019	2020	Target
	Milestones foreseen							2020
6 858							7 061	7 061
	Actual results							
	7 946	8 879	8 724	7 494	5 932			

Indicator 4: Number of penalties imposed								
Baseline	2014	2015	2016	2017	2018	2019	2020	Target
	Milestones foreseen							2020
				3 % increase compared to 2011			5 % increase compared to 2011	5 % increase compared to 2011
	Actual results							

Comment: Data unavailable due to lack of reporting mechanisms in MS

**Expenditure related outputs**

Outputs	Budget line	Budget 2020	
		Number	EUR million
1. Pericles grant programme: Seminars	01 02 04	5	0.40
2. Pericles grant programme: Staff Exchanges	01 02 04	4	0.30
3. Pericles grant programme: Studies	01 02 04	1	0.20
4. Pericles grant programme: Purchase of equipment	01 02 04	1	0.05
5. Procurement: Seminars	01 02 04	1	0.15
6. Procurement: Staff Exchanges	01 02 04		
7. Procurement: Studies	01 02 04		
<b>Total</b>			

Outputs		Number of outputs foreseen (F) and produced (P)						
		2014	2015	2016	2017	2018	2019	2020
1. Pericles grant programme: Seminars	F	3	4	5	5	5	4	5
	P	2	6	4	5	2	8	
2. Pericles grant programme: Staff Exchanges	F	3	5	2	3	4	4	4
	P	2	3	3	4	4	2	
3. Pericles grant programme: Studies	F	1		1			1	1
	P	2		1				
4. Pericles grant programme: Purchase of	F	0	1	1	1	1	1	1

equipment	P	0		1	1	2		
5. Procurement: Seminars	F	4	4	3	3	2	2	1
	P	4	2	4	3	3	3	
6. Procurement: Staff Exchanges	F							
	P		1					
7. Procurement: Studies	F							
	P							