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REPORT FROM THE COMMISSION

**TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN
CENTRAL BANK**

**concerning the implementation and the results of the Pericles IV programme for the
protection of the euro against counterfeiting in 2022**

REPORT FROM THE COMMISSION

TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN CENTRAL BANK

concerning the implementation and the results of the Pericles IV programme for the protection of the euro against counterfeiting in 2022

1. General

The "Pericles IV" programme (hereafter "the Programme") is an exchange, assistance and training programme for the protection of the euro against counterfeiting. It replaces the Pericles 2020 programme that ran during the period 2013-2020, and the Pericles programme that ran during the period 2002-2013. The Programme was established by **Regulation (EU) 2021/840 of the European Parliament and of the Council of 20 May 2021¹**. Its **application was extended to the non-participating Member States by Council Regulation (EU) 2021/1696 of 21 September 2021²**. Regulation (EU) No 2021/840 establishes the duration of the Programme until 31 December 2027. **Article 12(3) of the Regulation** requires the Commission to provide annual information on the results of the Programme to the European Parliament and to the Council. This Annual Report responds to that requirement in relation to the year 2022. The report provides information on the commitments and implementation of the "Pericles IV" programme in 2022, as well as on the implementation in 2022 of actions committed under previous years and the previous generation of the programme.

2. Commitments under the Annual Work Programme 2022

The annual budget for the implementation of the Programme for the year 2022 was set at EUR 850 169 and was financed from the budget line 06.030100 of the general budget of the European Union for 2022. A total of EUR 828 141,12 was committed in 2022, which is 97.41% of the total budget. The Programme is implemented through co-financed actions (grants) originating from the competent authorities of the Member States and through "Commission actions", organised directly by the Commission. The total commitment amount also includes a commitment of EUR 27 350 to cover the annual costs to use the eGrants tool, a fully electronic (paperless) management system for grants.

The implementation of the Programme reflects the commitment of Member States and the Commission to protect the euro against counterfeiting. Discussions of the multi-annual strategy at the meetings of the Euro Counterfeiting Experts Group (ECEG) made it possible to commit 97.41% of the overall budget in 2022. The Programme committed to funding 8 projects in total³. Altogether, 5 grants were successfully awarded from applications originating

¹ Regulation (EU) 2021/840 of the European Parliament and of the Council of 20 May 2021 establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the 'Pericles IV' programme), and repealing Regulation (EU) No 331/2014

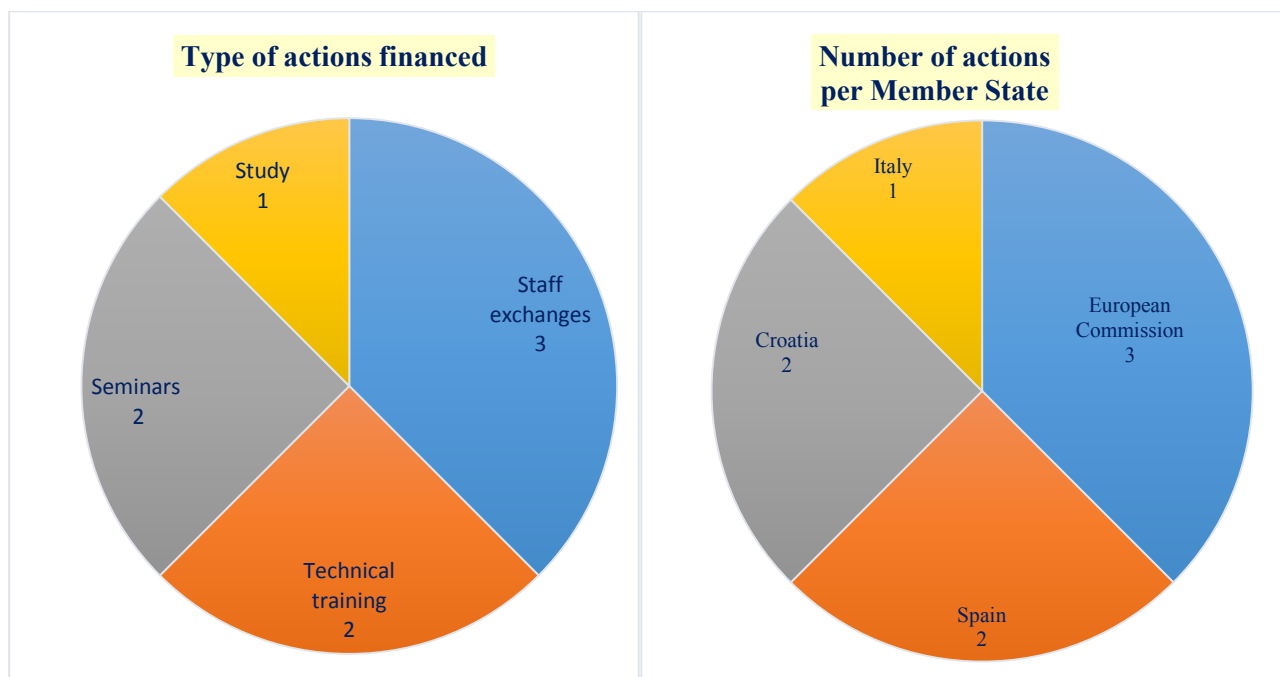
² Council Regulation (EU) 2021/1696 of 21 September 2021 extending to the non-participating Member States the application of Regulation (EU) 2021/840 of the European Parliament and of the Council establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the 'Pericles IV programme')

³ A comprehensive overview of Pericles actions committed to in 2022 can be found in Annex I.

from the competent authorities of the Member States. Furthermore, 3 Commission actions were funded.

One of the Commission actions was implemented in 2022, while the other 2 Commission actions and all grants will be implemented in 2023 and thereafter.

Chart I and Chart II: Type of action financed and Number of actions per Member State (actions committed to in 2022, see annex I)



It is noteworthy that Italy and Spain, two of the Member States most affected by euro counterfeiting, this year again received Pericles grants. In addition, Croatia has also received grants as part of the programme in 2022, which is of particular note given their accession to the euro area on 1 January 2023. All their efforts enhance the protection of the euro which is beneficial to all other Member States.

The actions for which commitments were made in 2022 consist of 3 staff exchanges, 2 technical trainings, 2 seminars, and 1 study. The actions are set to take place both inside and outside the EU, depending on the specific needs to protect the euro against counterfeiting. Since its inception, the Programme has consolidated its regional approach by implementing actions involving regions of the world which are particularly important to the fight against counterfeiting.

3. Implementation of actions in 2022⁴

Overview

This section analyses the implementation of all Pericles-funded actions in the calendar year 2022. It therefore includes the implementation of both actions committed under the 2021 and 2022 “Pericles IV” budgets (5 grants and 1 Commission action), as well as actions committed under previous “Pericles 2020” budgets (6 grants). This underlines the continuity of the

⁴ A comprehensive overview of Pericles actions implemented in 2022 can be found in Annex II.

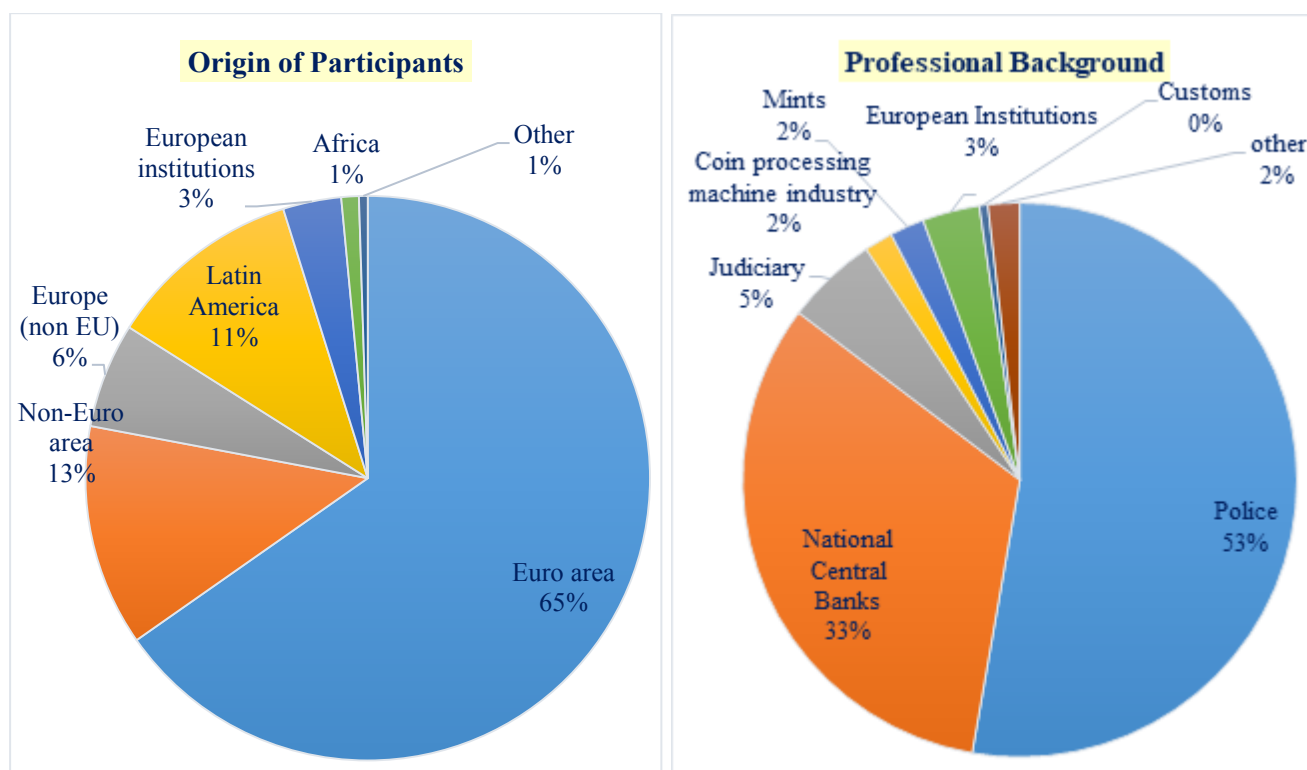
programme in terms of its conception and reflects the effectiveness of the Pericles programme to protect the euro against counterfeiting through actions implemented on a yearly basis.

2022 saw the implementation of 12 Pericles-funded actions, including:

- the full implementation of 8 grant actions by the Member States: these actions were implemented by Spain (3 actions), Portugal (2 actions), the Netherlands, Germany and Italy (1 action each) respectively;
- the partial implementation of 3 grant actions by the Member States: these actions consist of multiple stages (i.e. staff exchanges and seminars) over more than one calendar year and were partially implemented by Italy, Romania and Croatia respectively;
- the full implementation of 1 procured Commission actions.

The actions above consist of 5 staff exchanges, 4 conferences, and 3 technical trainings, (see also section 2 above). An estimated number of 599 experts participated in the aforementioned actions.

Chart III and Chart IV: Origin of participants and Professional background of participants. (actions implemented in 2022, see annex II)⁵



In terms of origin, participants come from 51 countries. The majority of trainees (78%) are European participants: 65% come from the euro area Member States, while non-euro area Member States account for 13% and non-EU countries in Europe represent 6%; 11% of trainees are from Latin America. Finally, 3% of participants represent the European Institutions, 1% come from Africa and the Middle East and 1% from other regions.

⁵ All data concerns both actions financed under the “Pericles IV” programme as well as actions financed under the Pericles 2020 programme.

With respect to the professional background of participants, members from police forces represent 53% of the total. That prominent presence is due to the fact that police authorities represent the front line in the fight against euro counterfeiting, and police staff include both investigators and technicians. Other categories of participants account for 47% of the total, with experts from the national central banks representing 33%, thereby forming the second largest group of participants. Like in 2021, several actions in 2022 focussed on the participation of central banks. There is also significant participation of members of the judiciary (5%), European Institutions (3%) and mints (2%) and customs (<1%), reflecting a full range of professional backgrounds of the participants. Finally, the implementation of the Commission action “4th Platform 1210 meeting” results in a high participation of representatives from the coin processing machine (CPM) industry (2%) for the sixth year, which continues to affirm the private sector as a significant stakeholder in the fight against counterfeiting. As a result, the implementation of the Programme meets the transnational and multidisciplinary dimensions of the Programme required under Regulation (EU) No 331/2014 with a high degree of diversification.

Highlights of implementation in 2022

The Programme has succeeded in maintaining and further strengthening regional international cooperation in South Eastern Europe and Latin America in 2022:

- 2022 saw the implementation of several Pericles actions focussing on encouraging and maintaining strong cooperation among the competent national authorities in South Eastern Europe. This included staff exchanges organised by the Italian Comando Carabinieri Antifalsificazione Monetaria (CCAFM), the Guardia di Finanza (GDF) and the Romanian police (GIRP), as well as a staff exchange organised by the Croatian National Bank, which had as its main goal to share best practices on procedures, knowledge and experience to support the Croatian and Bulgarian authorities in joining the euro area.
- The Spanish Brigada de Investigación del Banco de España (BIBE) organised the ‘Training course on money counterfeiting for experts from Latin American countries’, which brought together the authorities of 17 Latin American countries in Lima, Peru in 2022, promoting measures to protect the euro against counterfeiting in Latin American countries that are potentially susceptible to it. This action supported the establishment and functioning of National Central Offices (NCO) for currency counterfeiting in the participating countries. Based on a previous training of the same format, Argentina established such an NCO.

The implementation of the programme in 2022 has also been characterised by several actions focussing on topical developments in the fight against currency counterfeiting:

- Several actions focused on the threat of the internet/darknet in the field of euro counterfeiting, particularly pointing towards its potential use as a distribution platform. The German Bundeskriminal Amt (BKA) implemented a series of three workshops called COPE, which raised knowledge and introduced necessary investigative techniques for counterfeit money investigations related to the internet/darknet and ensured the exchange of best practice approaches, through case

studies where the participants went through the different steps of a digital counterfeit money investigation. Furthermore, conferences organised by the Dutch police and Bank of Portugal also had the distribution of counterfeits on the darknet/internet as one of their key focal points.

- Another priority addressed by several actions is the fight against high-quality classes of counterfeits, implementation of Regulation (EU) No 1210/2010 and handling of euro coins unfit for circulation. Actions with this focus included the training activity on counterfeit coins analysis for technical experts organised by the Banco de Espana, as well as the 4th Platform 1210 meeting organised as a Commission Action, bringing together stakeholders from the Coin Processing Machine industry and Coin National Analysis Centres.

4. Monitoring of the quantitative and qualitative indicators

Art. 12(2) Regulation (EU) 2021/840 states that this report should take into account the quantitative and qualitative indicators of the “Pericles IV” programme. The annual data on these indicators is as follows:

1. **Number of counterfeit euros detected (banknotes: 376 000 in 2022 / coins: 297 998 in 2022):** The target for this indicator is to keep the number of counterfeit euros detected (banknotes and coins) under control within the range of +/- 5% compared to average 2014-2020 (671 000/174 112). The number of counterfeit banknotes is lower, and the number of coins is higher, than expected. It should be noted, however, that the link between the programme and these indicators is only indirect, as a variety of external factors play an important role in the development of the indicators. These external factors include the progress of police investigations, the amount of counterfeit production and the impact of the COVID-19 pandemic on the circulation of cash.
2. **Number of illegal workshops dismantled (10 in 2022):** The target for the number of illegal workshops dismantled is to keep the number under control within an average of +/- 10% compared to 2019 (22). The number of illegal workshops dismantled in 2022 is lower than expected. As explained under indicator 1, the link between the programme and this indicator is only indirect, as a variety of external factors play an important role in the development of the indicators.
3. **Number of unique competent authorities applying to the Programme (6 in 2022):** This indicator aims to measure the interest of competent national authorities in the programme. The milestone for 2024 is 12 and the target for 2027 is 24. The fact that the number of unique applicants reached in the second year 50% of the milestone for 2024 is in line with expectations.
4. **Satisfaction rate of participants in the actions financed by the programme (100% in 2021):** This indicator measures the quality of the trainings as perceived by its participants. The target is 75%. The rate of positive feedback is significantly higher than the target.
5. **Feedback of participants that have already taken part in previous Pericles actions on the impact of the Programme on their activities in protecting the euro against counterfeiting (97.51% in 2022):** This indicator measures the sustainability

of the programme's actions. The target is 75%. The percentage of positive feedback is significantly higher than the target.

5. Conclusions and way forward

The "Pericles IV" programme, like its predecessor, continues to be an important and efficient tool in the fight against counterfeiting. The Programme forms the basis for the support of studies, maintaining and developing cooperation, and exchanging best practices among all the actors involved in the fight against euro counterfeiting. This is also supported by the fact that in 2022 97.41% of the overall budget was committed, reflecting the interest of Member States in the programme.

The Commission regularly disseminates the results of the actions supported under the Programme to the experts of the Euro Counterfeit Experts Group (ECEG). In 2021, 3 ECEG meetings took place. The Programme shows a high degree of consistency and complementarity with other relevant programmes and actions at Union level because it is dedicated exclusively to preventing and fighting a specific form of organised crime, namely euro counterfeiting. This complementarity appears clear with respect to DG NEAR's *Technical Assistance and Information Exchange (TAIEX)* instrument, that is most often used in support of accession negotiations, and DG HOME's Internal Security Fund - Police⁶, which covers the prevention and combating of crime in general. Following the inclusion of forgery of money as one of the priorities in the Operational Action Plan of EMPACT⁷, the Commission is closely coordinating with the EMPACT driver in order to maximise the complementarity between the two sources of financing.

Based on the results of the implementation of the Programme and the continuous analysis of emerging threats discussed in the ECEG, the priorities for 2023 are the following⁸:

- 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 third countries where there is suspicion or evidence of counterfeit euro production;
- Maintaining an efficient framework for the protection of the euro in South Eastern Europe;
- Topical developments:
 - distribution of counterfeits and high-quality components on the darknet, and 'movie money' and 'prop copy' products online (including altered design notes),
 - support for the establishment / reinforcement of national central offices (NCOs),

⁶ Regulation (EU) No 513/2014 of the European Parliament and of the Council of 16 April 2014 establishing, as part of the Internal Security Fund, the instrument for financial support for police cooperation, preventing and combating crime, and crisis management and repealing Council Decision 2007/125/JHA (OJ L 150, 20.5.2014, p. 93).

⁷ EMPACT (European Multidisciplinary Platform Against Criminal Threats) is a security initiative driven by EU Member States to identify, prioritise and address threats posed by organised and serious international crime. In 2021, EMPACT became a permanent instrument, as set in the Council conclusions on the permanent continuation of the EU Policy Cycle for organised and serious international crime. Bulgaria is the driver Member State for the EMPACT priority covering "Intellectual Property Crime, Counterfeiting of Goods and Currencies".

⁸ The priorities of the Programme for 2022 are an essential part of the Annual Work Programme, which is annexed to COMMISSION DECISION of 28.1.2022 on the financing of the Pericles IV programme and the adoption of the annual work programme for 2022, C(2022) 406 final.

- euro coins: fight against high-quality classes of counterfeits, implementation of Regulation (EU) No 1210/2010 and handling of euro coins unfit for circulation.