

OLAF investigation uncovered misuse of rural development funds in Hungary

OLAF has uncovered serious issues in a number of projects in Hungary funded by the European Agricultural Fund for Rural Development (EAFRD). These projects aimed to promote tourism and serve the public by providing free access to facilities such as playgrounds, fitness equipment and canopy trails.

The investigation, opened in March 2023 and closed in December 2025, revealed manipulated public procurement procedures and inflated prices for supplies. In one particular instance, a forest was clear-cut around the canopy trail during the implementation of the project, significantly undermining its purpose and making it impossible to achieve the project's original objectives.

OLAF identified structural weaknesses in the call for project applications' management and control systems. Authorities in charge of the management and control failed to set clear, measurable criteria and requirements for project sustainability and for preventing practices such as clearcutting, a practice in which most or all of the trees in an area are uniformly cut down. They also allowed a concentration of similar projects in the same area, which reduced their overall impact and undermined their effectiveness. Moreover, applications to the call for project applications were treated inconsistently and with significant delays. During this time, construction costs rose significantly, further diminishing the value for money.

As a result of its findings, OLAF issued an administrative recommendation and prevented approximately half a million euro from being unduly spent from the EU budget.

National criminal investigations into related projects are ongoing.

Acting Director-General of OLAF, Salla Saastamoinen stated: *“EU funds are earmarked to deliver real and lasting benefits to the public. By investigating and identifying systemic weaknesses, OLAF proved to once again safeguard taxpayers' money and ensure that the EU can better serve citizens, local communities and the environment. This contributes to stronger trust in the EU and more sustainable projects that make real impact.”*

OLAF mission, mandate and competences:

OLAF's mission is to detect, investigate and stop wrongdoings related to EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- some areas of EU revenue, mainly customs duties;
- suspicions of serious misconduct by EU staff and members of the EU institutions.

Once OLAF has completed its investigation, it is for the competent EU and national authorities to examine and decide on the follow-up of OLAF's recommendations. All persons concerned are presumed to be innocent until proven guilty in a competent national or EU court of law.

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