

Italian Mafia pockets billions of EU funds

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Millions of euro of EU taxpayers' money have been channelled into the coffers of the Italian Mafia through public funding schemes, a new investigation revealed

The Bureau of Investigative Journalism, a non-profit organisation that produces investigative journalism in the public interest, found that up to € 2 billion wound up in the hands of the Mafia magnate, 'Ndrangheta. In the last twenty years, 'Ndrangheta has become the most powerful Mafia syndicate in Italy, outweighing the more famous Cosa Nostra.

First established in 19th century in South Italy, 'Ndrangheta turned into a worldwide criminal powerhouse that encompasses as many as 10,000 members who operate from Sydney to Cali, from Brussels to Miami.

«We found that 250 companies receiving EU grants were directly or indirectly connected with the 'Ndrangheta - says Federico Gatti, a reporter for the Bureau of Investigative Journalism - These are astounding figures».

EU Commission spokesman Ton Van Lierop said that he cannot confirm these figures, but he will release a statement once the results are published.

Companies and individuals from the towns of Cosenza, Reggio Calabria, Catanzaro and Gioia Tauro defrauded EU grants totalling € 400 million in the last 10 years.

The same amount of money was wasted on a 450 km-long highway connecting Salerno with Reggio Calabria, which has become known in Italy for being the whitest of the white elephants.

«They corrupt people everywhere – at municipal, regional and national levels - Gatti says - It is a huge network of corruption. And we have the names of those people involved».

Complicity in Brussels is also suspected.

Lorenzo Cesa, a former MEP and prominent Italian politician, and Fabio Schettini, a former EU Commission officer, have been major shareholders of Digitaleco, a company embroiled in a € 3 million fraud at the expense of the European Union.

The case is still under investigation.

The European Union redistributes € 347 billion to the poorest regions over a seven-year period to reduce income inequalities and spur economic growth across the 27-state bloc.

The programme, known as Structural Funds, is the second largest bulk of EU funding after the Common Agricultural Policy and has achieved substantial results in encouraging development.

About 25 per cent of the population in Calabria, the Italian region where 'Ndrangheta was first established, is poor, according to a 2008 Anti-Mafia Parliamentary Commission report. Unemployment rates are well above the national average.

While Calabria appears to be a natural candidate for receiving Structural Funds, the Italian authorities observed abnormal movements of money and a number of suspicious financial transactions.

«Calabria, whose population is about 0.4 per cent of the European Union, commits 1.58 per cent of the total fraud against the Community budget - the Anti-Mafia Parliamentary Commission wrote - Misappropriation in Calabria amounts to about 6.54 per cent of the total».

EU funds are not doled out to the applicants directly from Brussels, and the oversight process is highly decentralised.

The Italian law 488 of 1992, which disciplines the use of Structural Funds, envisions that the regional authority has great latitude in awarding grants for the companies. Lack of oversight and ineffective and corrupt local governments have spread massive fraudulent practices.

Luigi De Magistris, a former Italian prosecutor who now chairs the European Parliament Committee on Budgetary Control, told the Bureau of Investigative Journalism that probably only one-fifth of the frauds are discovered.

EU Commission spokesman Ton Van Lierop dismisses the allegations.

«Fraud is a very small part of the errors made, and errors can happen, for instance, when they do not have any financial impact» he said, adding that the EU Commission combats frauds together with national

authorities and with Olaf, the independent anti-fraud organisation in the EU.

«Olaf is understaffed and under-resourced - says Gatti - Only 20 investigators follow frauds about structural funds. They might be workaholics, but they cannot possibly oversee that amount of money flowing in and out».

The Bureau of Investigative Journalism and the Financial Times tracked almost 650,000 recipients of EU Structural Funds. The results are now available in searchable form in an online database.

Al Jazeera, BBC Radio 4 File-on-Four, BBC World Service and France 2 will also broadcast programmes based on this research.