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WORKING PAPER

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CONTRIBUTION

From:	General Secretariat of the Council
To:	Working Party on Financial Agricultural Questions
N° Cion doc.:	9634/18 + ADD 1 + REV 1
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013 - Comments from the Danish delegation on the drafting suggestion from the Commission

Delegations will find attached comments from the Danish delegation on the drafting suggestion and explanations from the Commission services related to Articles 57 (Protection of the financial interests of the Union) in the proposed Horizontal Regulation.

Comments from Denmark on WK 10645/2020

In general, Denmark is very much in favour of initiatives that protect the agricultural funds from fraud and circumvention committed by applicants of EU-aid. However, we are concerned that the mandatory use of ARACHNE in its current form will result in significant delays in our automated processing of aid applications by adding comprehensive manual checks.

Meanwhile, we are concerned by the feedback of member states that participate in the pilot to use ARACHNE in connection with the RDP. The majority replied that ARACHNE is only partly suited for the task in the questionnaire for the recent Directors' Conference. It is our understanding that as a tool developed for the Structural and Social funds, ARACHNE is even less compatible with area and animal-based aid schemes.

We are also of the impression that the use of ARACHNE carries with it a considerable administrative burden. We would expect that transferring data to the tool is not the main task for member states provided that information is already digitalized. Rather, we are concerned that sorting through, following up on and evaluating every red flag detected by the over 100 risk indicators constitutes a considerable, manual workload.

In addition, it would seem that the challenge many member states face in this context is not the detection of connections between companies but proving intent to circumvent aid requirements or a conflict of interest between legally separate entities. Perhaps we are more in need of a revision of the definitions and requirements regarding artificially created conditions than additional checks.

Payments under the agricultural funds are largely area-based. IACS and GIS based maps provide some of the most reliable checks of aid eligibility under the EU funds. Furthermore, direct payments under the EAGF are crucial to EU farmers' economy. In conclusion, Denmark cannot support the mandatory use of ARACHNE or similar data mining tools as part of administrative checks under the agricultural funds in general, until they are proven suitable for handling area and animal based aid schemes without unnecessary delay or an excessive administrative burden to the applicants and government agencies of the member states.