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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 Slovenian delegation on the drafting suggestion from the Commission

Delegations will find attached comments from the Slovenian 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.

Slovenian comments on WK 10645/2020 INIT, 6 October 2020 – *Drafting suggestion from the Commission services related to Article 57 (Protection of the financial interests of the Union) in the proposed Horizontal Regulation*

Slovenia recognizes the importance of efforts of the Council of the European Union and the European Commission towards greater and more effective protection of the European Union's financial interests. In 2019 Slovenian paying agency has joined a pilot project of the European Commission, which expands the use of ARACHNE to the Common agricultural policy. It sees the ARACHNE IT tool as an opportunity to effectively upgrade existing internal control mechanisms.

The European Commission document WK 10645/2020 INIT gives some information and some additional have been given at AGRIFIN 7 October 2020 meeting. However, to be able to make informed assessment of the compulsory use of ARACHNE system, Slovenia needs further information and gives some comments:

- By the ARACHNE system the European Commission and Member States' will be able to assess risks of projects, beneficiaries, contractors and contracts, circumventing the rules, conflict of interest, genuine farmer, ... The list of risks is not exhaustive.
- Which bodies under shared management of agricultural funds, other than the paying agency, are expected /will be required to verify, record and store information? Also the Managing Authority and delegated bodies?
- We presume that, due to the amount of data which will need to be provided by the Member State and depending on the number of institutions involved and their coordination, the process of upgrading and/or setting up the system and its harmonization at the Member State level will be complex.
- The use of the ARACHNE system will only be possible once the Member State's databases needed by the system for successful mining have been established / adapted. The costs will not be negligible. We estimate that the implementation costs could become disproportionate to the CAP expenditures of Slovenia.
- What Member State's information does the ARACHNE system need in relation to the risk of conflicts of interest? We presume that the digitalised database on the Member State side will be necessary?
- Due to the planned active use of the data mining tool and its integration into processes we assume that the definition of use in the internal instructions of the management bodies will be required.
- Additionally, we would like to emphasize the importance of consistent incorporation of the principle of proportionality in the basic and implementing regulations when imposing obligations regarding the use of the data mining tool on Member States.

Therefore we ask the European Commission to present a working document with more detailed information to the AGRIFIN.