Questions to Commissioner Schmit on behalf of Monika Hohlmeier

ARACHNE is currently being technically expanded to include data and information on beneficial owners, subcontractors and final beneficiaries. The Commission is exploring the use of artificial intelligence in ARACHNE for the future.

- How long will it take until the technical adaptation of ARACHNE is completed?

The inclusion of new features and sets of data will not be a one-off development but should be considered as an incremental but continuous process.

Specifically, regarding the inclusion of data and information on beneficial owners (FBO), the discussions with the external provider have already been completed. The Commission expects to sign the contract with the external provider imminently, and have the first adaptations implemented already by the end of Q2 2022. The complete adaptation to support RRF and CAP plans, and incorporate risk indicators based on FBO/UBO data might be expected in Q3 2022 but, in the meanwhile, important features could already be released.

The process of fine-tuning and updates will continue thereafter, drawing upon new elements, such as increased availability of data, and upon ongoing feedback from users.

Alongside these technical adaptations, the Commission also continues to encourage Member States to use Arachne and carries out trainings throughout the year.

- Could you please explain how exactly AI can help improve ARACHNE?

The assessment of the integration of AI or machine learning techniques is at a very early stage. It is important to maintain a cautious approach and it would be premature to anticipate any result. In addition, the approach taken could be amended or changed depending on the results of the ongoing assessment. In any case, at this point, the main line of research is to use clustering technology over data to define patterns where there could be a strong correlation with fraud. These patterns will complement the current rules-based analysis. It is expected that a Proof of concept launched in collaboration with DG DIGIT will provide a clearer picture.

- What other measures (apart from the mentioned two-factor identification) are planned to completely dispel the concerns of some Member States with regard to data protection? For example, is a legal assessment of the compatibility of ARACHNE with data protection rules/requirements/jurisprudence of the CJEU planned?

There is an ongoing review of the data protection notification in view of the new Data Protection Regulation, and also to reflect upon the changes since the prior data protection notification was done.

Furthermore, the Commission underlines for information purposes, that the ongoing revision entails the drafting of a data protection record (DPR), currently ongoing, the revision of the privacy statement and drafting of the data protection impact assessment (DPIA). The DPIA is mandatory since Arachne falls under Article 39 of the Data protection regulation (Processing on a large scale of special categories of data referred to in Article 10, or of personal data relating to criminal convictions and offences...
referred to in Article 11) which covers sensible information. The DPIA will have to be submitted to the DPO and potentially to the European Data Protection Supervisor for their approval and review.

- So far the responsibility for ARACHNE lies with DG EMPL, but the tool is to be used in the areas of other DGs or across DGs (- RRF). Are there any changes regarding the responsibility for ARACHNE foreseen in the Commission?

There are ongoing discussions happening at different levels of the Commission to address this point, and to assess the possibility that Central Services could take a more active role either as project owners or as solution providers. At this premature stage of the discussions, it is impossible to predict the final outcome.

The Commission would like to thank the CONT Committee for the report on the digitalisation of the European reporting, monitoring and audit, which will be an important contribution to the Commission’s ongoing work towards a legislative proposal for a targeted revision of the Financial Regulation.

Some of the answers to the written questions indicate that it is difficult to assess the “performance” of ESF and other projects and measures because some of them are investments of an intangible nature.

- What conclusions does the Commission draw from this with regard to the KPIs for the performance assessment?
- Some of the results listed in question 6 as examples of “soft results”, such as increased self-confidence or improved cooperation between labour market actors, could actually be evaluated through questionnaires to the participants of these measures - Does the Commission see any possibility to improve the KPIs and the methods for “performance” assessment?

The ESF is implemented under shared management and the data are collected by the Member State authorities and programme beneficiaries. Due to the very wide scope of the funds and large number of operations, the performance assessment at the level of the funds focuses on the most representative indicators, based on standard methodology, such as the current performance indicators. The focus of common indicators to be reported is on hard outcomes, as these can be reported by all Member States based on agreed definitions.

Nevertheless, DG EMPL is currently carrying out a study that is mapping the use of indicators capturing “soft results”, and which seeks to find ways of enhancing the use of the programme-specific indicators in ESF and ESF+. The study serves multiple purposes, including for instance providing indications as to possible methods for measuring soft outcomes, which will be shared with Member States. The Commission will use this study to encourage the use of soft outcomes in this programming period.

In any case, it is worth recalling that it is up to Managing Authorities and implementing bodies to decide to follow such outcomes, including sending out questionnaires on soft outcomes, as this goes beyond the requirements of the regulation.