Arachne, EDES

Context

ARACHNE is an integrated IT tool for data mining and data enrichment developed by the European Commission. The objective is to support managing authorities in their administrative controls and management checks with a view to identify, detect and prevent fraud. ARACHNE enriches the data with publicly available information in order to identify, based on a set of risk indicators, the projects, beneficiaries, contracts and contractors which might be susceptible to risks of fraud, conflict of interest and irregularities.
The operational data of the projects from Member States' ESF and ERDF managing authorities are transmitted to the European Commission. The operational data is further complemented with information from external data sources, Orbis (Bureau Van Dijk) and World Compliance (LexisNexis Risk Solutions, Inc.), containing officially published and publicly available data on companies and related persons. ARACHNE calculates individual risk indicators for projects and can show bankruptcy propensity levels of partners.

EDES database is a list of persons or entities excluded from contracts financed by the EU budget, among others, on the grounds of grave professional misconduct, fraud, corruption and other criminal activities, or significant deficiencies. The economic operators listed in EDES have been excluded from participation in EU procurement procedures, grant award procedures, prizes procedures, financial instruments and procedures for selection of experts or any other form of contribution from the EU budget for the periods mentioned and/or have been imposed a financial penalty. Therefore, they cannot be awarded any contract financed by the EU budget.

Why are we discussing this?

The two mentioned systems are just 2 examples of tools that can be used for fraud detection, there are also other tools available on the market. Their use is for the moment on a voluntary basis. In preamble to CPR, recital 72 says that the Commission should make available an integrated and interoperable information and monitoring system, including a single data mining and risk-scoring tool to access and analyse the relevant data, and the Commission should encourage its use with a view to a generalised application by Member States.

Article 74(1)(c) CPR states that MA shall have effective and proportionate anti-fraud measures and procedures in place, considering the risks identified, but does not specify the measures and procedures. Member States are free to use other adequate and effective systems, however Arachne is the Commission's benchmark.

Group work

Discuss the topic:
- Exchange on which tools for fraud prevention you used in 2014-2020 and the ones you plan to use in 2021-2027
- Did your MA use Arachne? If yes, was it efficient? Did it identify any red flags which you followed up?
- Did/ will you use EDES?
- Did you use any other tools for fraud prevention?