



Brussels, 20 September 2021  
(OR. en)

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**Interinstitutional File:**  
**2020/0380(COD)**

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11828/21  
ADD 1

CODEC 1214  
COH 48  
UK 205  
PREP-BXT 13

**'I/A' ITEM NOTE**

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From: General Secretariat of the Council  
To: Permanent Representatives Committee/Council

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Subject: Draft REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Brexit Adjustment Reserve (**first reading**)  
- Adoption of the legislative act  
= Statement

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**Statement by the Commission**

**Further measures to protect the EU budget and Next Generation EU resources (NGEU) against fraud and irregularities by requiring an obligatory use of a single data-mining tool provided by the Commission**

In the Inter-institutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap for the introduction of new own resources, points 30 to 33 require the Commission to make available an integrated and interoperable information and monitoring system including a single data-mining and risk-scoring tool to access and analyse the required data with a view to a generalised application by Member States. In addition, the three institutions agreed to sincerely cooperate, in the course of the legislative procedure relating to the relevant basic acts, to ensure the follow up to the European Council conclusions of July 2020 regarding this element.

The Commission considers that the agreement reached by the co-legislators under Article 13(1)(f) (responsibilities of Member States) on the use of a single data-mining tool and the collection and analysis of data on the beneficial owners of the recipients of funding is not sufficient to enhance the protection of the Union budget against fraud and irregularities and to ensure efficient checks on conflicts of interests, irregularities, issues of double funding, and criminal misuse of the funds. Therefore, the approach agreed by the co-legislators in the Brexit Adjustment Reserve Regulation does not appropriately reflect the desired ambition and spirit of the Inter-institutional Agreement.

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