

Detailed Recommendation on the Agri Priority Area  
*Introduce and/or encourage the use of online portals and  
Geographic Information Systems (GIS).*

**EU PROJECT ON BASELINE MEASUREMENT AND  
REDUCTION OF ADMINISTRATIVE COSTS**

**26<sup>th</sup> June 2009**

# Table of Contents

<b>SUMMARY TABLE .....</b>	<b>5</b>
<b>1. BACKGROUND AND UNDERLYING PROBLEM .....</b>	<b>8</b>
1.1 LEGAL CONTEXT .....	8
1.2 PROBLEM DESCRIPTION .....	10
1.2.1 <i>THE PRACTICAL IMPLICATIONS FOR FARMERS</i> .....	13
1.3 EU/MEMBER STATE REMIT TO ACT .....	15
1.4 OBJECTIVES OF THE INTERVENTION .....	16
1.5 DETAILED DESCRIPTION OF RECOMMENDATION.....	16
1.5.1 <i>THE CURRENT AND FUTURE SITUATIONS PER IO</i> .....	22
<b>2. IMPACT .....</b>	<b>33</b>
<b>3. IMPLEMENTABILITY .....</b>	<b>38</b>
3.1 INVESTMENT COSTS .....	38
3.2 COMPLEXITY .....	40
3.3 POLITICAL WILL/ OPPORTUNITIES & BARRIERS .....	40
3.4 TIME FRAME.....	40
<b>4. IMAGE.....</b>	<b>42</b>
<b>5. ANNEX 1 – ASSUMPTIONS FOR IMPACT CALCULATIONS .....</b>	<b>43</b>
<b>6. ANNEX 2 – GENERAL ASSUMPTIONS USED IN CALCULATING IMPACT OF EGOVERNMENT RECOMMENDATIONS.....</b>	<b>46</b>

### An introduction to Administrative Burden reduction

This Recommendation is the culmination of a process of analysis using the EU Standard Cost Model methodology. This is an EU methodology for measuring administrative costs imposed by legislation – both existing and planned. This methodology is based on the Standard Cost Model (SCM) applied in several Member States. Adapted to EU needs and resources, the EU SCM takes into account the fact that EU legislation often replaces 27 different national legislations and thus decreases operating costs at EU level.

The EU SCM breaks down administrative costs imposed by legal acts into components that can be assessed with reasonable accuracy. Those costs are then further differentiated on the basis of ‘business-as-usual’ (BAU) costs, i.e. costs that a business would incur irrespective of whether there is an Information Obligation (IO), and those costs which are the direct result of regulation. The latter constitute the administrative burden.

The total administrative cost is calculated as  $P \times Q$ , where:

- Q is the number of times per year (occurrences) that each Information Obligation has to be complied with multiplied by the number of businesses;
- P is the administrative cost per business of complying with the obligation. P is the sum of internal costs, consultancy costs, equipment costs and overheads.

For this project, data for calculation of the administrative cost was collected in a sample of businesses in a limited number of Member States (generally six). These are the ‘Measurement Countries’. This data was supplemented by existing, applicable data from Member States which had previously carried out SCM measurement (the ‘Baseline Countries’). The data for the remaining EU Member States (the ‘Extrapolation Countries’) was estimated through extrapolation.

The ensuing Recommendations have been defined as Type I and/or Type II. Distinguishing between Type I and Type II reduction opportunities is useful because this provides all parties involved with a clear view of the ownership of the reductions.

Type I reductions refer to changes at EU level (legal as well as changes to EU level implementing practices) and are clearly owned and adopted at EU level, though they may subsequently require transposition at national level.

Type II refers to changes at Member State level in the way transposition is approached and in implementing measures. They will deliver Improved/Good Practice in Member State transposition and implementation, and thus simplification of the business process at national level. Type II recommendations are clearly for adoption and implementation by the Member States.

For more information on the Action Programme for Reducing Administrative Burdens in the EU and the EU Standard Cost Model, see [http://ec.europa.eu/enterprise/admin-burdens-reduction/home\\_en.htm](http://ec.europa.eu/enterprise/admin-burdens-reduction/home_en.htm).

## Summary Table

<p><b>Legislative act</b></p>	<ol style="list-style-type: none"> <li>1) Commission Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (...)<sup>1</sup>;</li> <li>2) Commission Regulation (EC) No 796/2004 laying down detailed rules for the implementation of cross-compliance, modulation and the integrated administration and control system provided for in Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers.</li> </ol>
<p><b>Information Obligation</b></p>	<p><u>Regulation 1782/2003</u></p> <ol style="list-style-type: none"> <li>1.1) “Applications for direct payments/ single application” (Art. 22.2, Art 34.2);</li> <li>1.2) “Additional application for sheep and goat premiums” (Art. 67, Arts. 111-119);</li> <li>1.3) “Additional application for sheep and goat premiums – supplementary premium” (Arts. 67, 114);</li> </ol>

<sup>1</sup> The regulation has been repealed by Council Regulation (EC) No 73/2009.

	1.4) “Additional application for beef and veal payments” (Arts. 66–69, 123–125, 127, 130, 132); 1.5) “Transfer of payment entitlements” (Art. 46); <u>Regulation 796/2004</u> 2.1) “Amendments to the single application” (Arts. 15, 21.2)
<b>Regulatory origin</b>	EU legislation
<b>Recommendation name</b>	Introduce and/or encourage the use of online portals and Geographic Information Systems (GIS)
<b>Recommendation addressed to:</b>	National institutions
<b>Scale of the recommendation</b>	Structural change
<b>Target group – Businesses targeted by the information obligation(s)</b>	All farmers in the EU–27
<b>Original population (as-is)</b>	IO 1.1) 12,013,927 IO 1.2) 194,966 IO 1.3) 120,494 IO 1.4) 138,499 IO 1.5) 508,971 IO 2.1) 287,655
<b>Affected population (to-be)</b>	See above
<b>Specifically targeted at Small and Medium Sized Enterprises</b>	No
<b>Current administrative cost</b>	IO 1.1) €2,149 million IO 1.2) €7.2 million IO 1.3) €19.8 million IO 1.4) €4.4 million IO 1.5) €112 million IO 2.1) €7.8 million Total: €2,3 billion

<b>Current administrative burden</b>	See above.														
<b>Current “business as usual” factor (as-is)</b>	0%														
<b>Future “business as usual” factor (to-be)</b>	0%														
<b>Expected administrative burden reduction in %</b>	<table border="0"> <tr> <td>IO 1.1)</td> <td>13.4%<sup>2</sup></td> </tr> <tr> <td>IO 1.2)</td> <td>7.5%</td> </tr> <tr> <td>IO 1.3)</td> <td>7.5%</td> </tr> <tr> <td>IO 1.4)</td> <td>8.1%</td> </tr> <tr> <td>IO 1.5)</td> <td>81.3%</td> </tr> <tr> <td>IO 2.1)</td> <td>16.6%</td> </tr> </table>	IO 1.1)	13.4% <sup>2</sup>	IO 1.2)	7.5%	IO 1.3)	7.5%	IO 1.4)	8.1%	IO 1.5)	81.3%	IO 2.1)	16.6%		
IO 1.1)	13.4% <sup>2</sup>														
IO 1.2)	7.5%														
IO 1.3)	7.5%														
IO 1.4)	8.1%														
IO 1.5)	81.3%														
IO 2.1)	16.6%														
<b>Expected administrative burden reduction in euro</b>	<table border="0"> <tr> <td>IO 1.1)</td> <td>€ 288.6 million<sup>3</sup></td> </tr> <tr> <td>IO 1.2)</td> <td>€ 0.5 million</td> </tr> <tr> <td>IO 1.3)</td> <td>€ 1.5 million</td> </tr> <tr> <td>IO 1.4)</td> <td>€ 1.1 million</td> </tr> <tr> <td>IO 1.5)</td> <td>€ 91.2 million</td> </tr> <tr> <td>IO 2.1)</td> <td>€ 1.3 million</td> </tr> <tr> <td>Total:</td> <td>€ 384.2 million</td> </tr> </table>	IO 1.1)	€ 288.6 million <sup>3</sup>	IO 1.2)	€ 0.5 million	IO 1.3)	€ 1.5 million	IO 1.4)	€ 1.1 million	IO 1.5)	€ 91.2 million	IO 2.1)	€ 1.3 million	Total:	€ 384.2 million
IO 1.1)	€ 288.6 million <sup>3</sup>														
IO 1.2)	€ 0.5 million														
IO 1.3)	€ 1.5 million														
IO 1.4)	€ 1.1 million														
IO 1.5)	€ 91.2 million														
IO 2.1)	€ 1.3 million														
Total:	€ 384.2 million														
<b>Source of the recommendation</b>	<ul style="list-style-type: none"> <li>▪ <i>UK, 25 ideas for simplifying EU law<sup>4</sup>.</i></li> <li>▪ <i>Study to assess the administrative burden on farms arising from the CAP, DG AGRI, Final report<sup>5</sup>.</i></li> </ul>														

<sup>2</sup> The total expected reduction for the IO 1) “Application for direct payments / Single application” can be split on the parcel maps and the rest application. The impact on the parcel maps resulting from the use of a Geographic Information System equals 4,1%, while the reduction impact on the rest application amounts to 9.4%. Further information on these two parts of the IO is provided below.

<sup>3</sup> The impact on the parcel maps resulting from the use of a Geographic Information System amounts to € 87.4 million, while the reduction impact on the rest application equals €201.2 million.

<sup>4</sup> <http://www.berr.gov.uk/files/file47148.pdf>

<sup>5</sup> <http://ec.europa.eu/agriculture/analysis/external/burden/fulltext.pdf>

# 1. Background and underlying problem

## 1.1 Legal context

The Agriculture and Agricultural Subsidies Priority Area consists of two different parts: Part I focuses on the issue of import and export licences regulated by Council Regulation 1291/2000. Part II which is relevant for this document, covers the measurement of the Single Payment Scheme (SPS) and the Single Area Payment Scheme (SAPS) under the Common Agricultural Policy (CAP).

In scope of part II of the Priority Area are the administrative costs of CAP-related measures introduced by the 2003 CAP reform and imposed by the following legislative acts: key to the reform is Council Regulation (EC) No 1782/2003<sup>6</sup>, which establishes common rules for direct support schemes under the CAP. With regard to the implementation of the reform, the scope is completed by the following three Commission Regulations<sup>7</sup>:

- Commission Regulation (EC) No 795/2004;<sup>8</sup>
- Commission Regulation (EC) No 796/2004;<sup>9</sup>
- Commission Regulation (EC) No 1973/2004.<sup>10</sup>

The current recommendations only affect Information Obligations (IOs) resulting from two of the Regulations in scope: Council Regulation (EC) No 1782/2003 and Commission Regulation (EC) No 796/2004. A brief description of both Regulations is provided below:

- 1) Regulation (EC) No 1782/2003 establishes common rules for direct support schemes under the CAP; It establishes an income support scheme for farmers (SPS) and support schemes for farmers producing durum wheat, protein crops, rice,

---

<sup>6</sup> This Council Regulation has been repealed by Council Regulation (EC) No 73/2009.

<sup>7</sup> Since the baseline year of the measurement (2006), these Regulations have been amended by several Commission Regulations. The consolidated versions can be downloaded at [http://eur-lex.europa.eu/RECH\\_consolidated.do](http://eur-lex.europa.eu/RECH_consolidated.do).

<sup>8</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:141:0001:01:EN:pdf>

<sup>9</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004R0796:EN:HTML>

<sup>10</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:345:0001:01:EN:HTML>



nuts, energy crops, starch potatoes, milk, seeds, arable crops, sheep and goat meat, beef and veal, and grain legumes.

- 2) Regulation (EC) No 796/2004 lays down detailed rules for the implementation of cross-compliance, modulation and the integrated administration and control system provided for in Council Regulation (EC) No 1782/2003, Title II, Chapter 1. The Regulation covers the provisions concerning cross-compliance, controls, and modulation. The provisions with regard to cross compliance are one of the new key elements in the CAP reform, which link the Single Farm Payment to farmers respecting public health, animal health, environmental and animal welfare, EU norms, and good agricultural practice.

Regulation (EC) No 1782/2003 comprises a total of 14 recurring IOs regarding the applications for subsidies and the transfer of payment entitlements that have been measured. However, this document addresses only five of these IOs as a great number of them relates to applications for specific aid coupled to production. As a result of the so-called 'Health Check' of the CAP<sup>11</sup>, the EU decided to decouple most of the currently partially and fully coupled sectors, following different timelines per sector by 2012. In terms of the reduction impact it is assumed that the decoupling and abolition of the specific aid schemes will lead to a complete disappearance of these specific IOs.<sup>12</sup> Hence, this Recommendation focuses only on the remaining IOs.

- "Applications for direct payments/single application" (Art. 22.2, Art 34.2);
- "Additional application for sheep and goat premiums" (Art. 67, Arts. 111-119);
- "Additional application for sheep and goat premiums – supplementary premium" (Arts. 67, 114);
- "Additional application for beef and veal payments" (Arts. 66–69, 123–125, 127, 130, 132);

---

<sup>11</sup> For further information on the 'Health Check' please refer to <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0722:FIN:EN:PDF>.

<sup>12</sup> For further information on the IOs that will disappear due to decoupling please see the separate recommendation to 'Abolish specific aid schemes and integrate them into the Single Payment Scheme (decoupling)'.

- “Transfer of payment entitlements” (Art. 46).

The only IO resulting from Regulation (EC) No 796/2004 is the IO *“Amendments to the single application” (IO 2.1)*.

## 1.2 Problem description

The way in which the five IOs under Regulation 1782/2003 and the IO under Regulation 796/2004 covered by this Recommendation and which would be affected by the introduction and/or use of electronic means are implemented is described below.

### IO 1.1) “Applications for direct payments/single application”

To obtain the direct payments, farmers have to submit an application to the competent authorities once a year. One integral part of the application consists of a parcel map on which the farmer has to provide information on his cultivation per parcel.

Payments are made once a year, no later than 30 June of the year following the application and only in case of an accurate application. If an application submitted by a farmer is incorrect the competent authority returns it to the farmer.

The applications can be submitted on paper or electronically, depending on whether the Member State provides an electronic application system. In the first period the application for direct payments/single application has to be filled out by the farmer on the complete form. In subsequent years, the Member States send the farmer a pre-printed<sup>13</sup> form as well as a pre-printed parcel map to fill out in which much of the information has already been completed.

The total administrative cost and administrative burden of this IO amount to €2,149 million in the EU-27.

---

<sup>13</sup> The term used by the new Council Regulation (EC) No 73/2009 in this regard is pre-established.

#### IOs 1.2) “Additional application for sheep and goat premiums supplementary premium”

Applications for a premium in favour of farmers keeping ewes and/or she-goats have to be submitted to the competent authority, during a single period fixed by the Member State. The administrative cost and administrative burden of this IO amount to €7.2 million in the EU-27.

#### IO 1.3) “Additional application for sheep and goat premiums”

Sheep and goat farmers in specific areas where sheep and goat production constitutes a traditional activity or contributes significantly to the rural economy may also apply for an additional premium. The administrative cost and administrative burden of this IO amount to €19.8 million in the EU-27.

#### IO 1.4) “Additional application for beef and veal payments”

Farmers keeping bovine animals may qualify, on application to be submitted to the competent national authority, for special premiums and payments. The application for beef and veal payments can be divided into the following:

- Special premium;
- Seasonalisation premium;
- Suckler cow premium;
- Cows belonging to a meat breed;
- Special schemes for heifers.

However, only the ‘Suckler cow premium’ is relevant to this document because, as decided in the ‘Health Check’, the beef and veal sector will be decoupled<sup>14</sup> and hence the related IOs will be abolished. The administrative cost and administrative burden of this IO amount to €4.4 million in the EU-27.

---

<sup>14</sup> For further information on decoupling please refer to the document relating to Recommendation Agri 6.

### IO 1.5) “Transfer of payment entitlements”

Farmers are allowed to transfer their payment entitlements by sale or any other definitive transfer with or without land. In contrast, lease or similar types of transactions are allowed only if the payment entitlements transferred are accompanied by the transfer of an equivalent number of eligible hectares. Payment entitlements can only be transferred to another farmer established within the same Member State (except in case of inheritance). A Member State may decide that payment entitlements may only be transferred or used within the same region.

According to Article 7 of Regulation (EC) No 796/2004, the Member States have to maintain an electronic register for the identification and registration of payment entitlements and have to ensure the traceability of all payment entitlements. Hence, farmers have to notify the competent national authority of any transfer of payment entitlements. The administrative cost and administrative burden of this IO amount to €112 million in the EU-27.

### IO 2.1 “Amendments to the single application”

The only IO resulting from Regulation (EC) No 796/2004 is the IO *“Amendments to the single application” (IO 2.1)*.

Under certain circumstances, farmers have the possibility to amend their single application after the expiry of the time limit for its submission and if they make use of this possibility they have to submit the amended single application to the competent national authorities. Amendments can be made in terms of the addition of individual agricultural parcels accompanied by the corresponding payment entitlements, which were not yet declared in the single application, and/or in terms of the use or aid scheme in respect of individual agricultural parcels or payment entitlements already declared in the single application. If the amendments have a bearing on any supporting documents or contracts to be submitted, respective changes to these documents are also allowed.

The submission of an amendment to a single application after the expiry date leads to a 1% reduction per working day in the amounts relating to the actual use of the agricultural parcels concerned.

The administrative cost and administrative burden of this IO amount to €7.8 million in the EU-27.

The IOs related to the Single Payment Scheme (and the Single Area Payment Scheme in the new Member States) and affected by this Recommendation impose an administrative cost and burden on European farmers amounting to €2.3 billion.

### 1.2.1 The practical implications for farmers

Each year farmers have to apply for single payments and for the specific coupled aids by submitting voluminous application documents and an area declaration illustrating their acreage and the crops cultivated parcel by parcel. Every time they transfer payment entitlements, they have to notify the competent authorities in writing. This implies significant paperwork for the farmers and their advisors and the experience from the measurement shows that these administrative procedures are both difficult for them to handle, and error-prone. In 2008, in more than 40% of paper applications, farmers received a letter of non-acceptance.<sup>15</sup>

The Member States' competent authorities process the applications, parcel maps and notifications submitted by the farmers or their advisors electronically. Member States are required by EU law to establish the identification system for agricultural parcels on the basis of maps or land registry documents or other cartographic references by using computerised geographic information system (GIS) techniques.<sup>16</sup> Furthermore, Member States are required to maintain an electronic system regarding the identification and

---

<sup>15</sup> Paper of DG AGRI Simplification Expert Group, *Simplification and Reduction of Administrative Burden/Costs*, November 2008, slide 3.

<sup>16</sup> See Regulation (EC) No 1782/2003, Article 20.

registration of payment entitlements ensuring effective traceability of the relevant information on the payment entitlement.<sup>17</sup>

However, the existence of such internal electronic systems does not necessarily mean that the farmers are also provided with electronic means for carrying out the respective administrative tasks of submitting their notifications of payment entitlements and parcel declarations. Besides generating paperwork, this leads to breaks in the information chain as farmers submit the transfer notifications by e-mail, mail or even physically. They then have to be processed and entered in the internal database by the competent authorities.

However, many Member States already provide interactive electronic solutions for farmers; allowing them to fill in and submit their *applications for single payments* and *for specific coupled aid* as well as *parcel declarations* online, reducing the time and cost of compliance. We summarise below the situation in the five Measurement Countries (Denmark, France, Germany, Ireland and Italy).

While the picture was different in the measurement year (2006), all five measurement countries now have electronic portals in place. Denmark can be seen as a leading country in this sense, as the Danish system was implemented already in 2001. Following the CAP reform the system was revised and adapted to the new requirements in 2004. In Germany and Italy most of the regions are covered by online solutions, but there are still some without. France and Ireland implemented portals in time for the 2007 SPS applications. In other countries, such as the United Kingdom, the implementation of SPS online access for farmers is planned (February 2010). However, with regard to the measurement Denmark was the only country where the data is based on the use of an electronic portal.

Regarding the online *notification of payment entitlement transfers* the picture is different from that for the application IOs described above. Of the measurement countries, Germany is the only Member State providing an electronic system so far. However, Denmark is planning on implementing an integrated electronic portal combining the

---

<sup>17</sup> See Regulation (EC) No 796/2004, Article 7.

possibility to fill and submit direct applications and parcel maps by using GIS as well as notifications of payment entitlement transfers, and furthermore integrating the administrative tasks required by the second pillar of the CAP by 2010.

Electronic solutions facilitate both the work of the authorities and the administrative work of the farmers. However, they can only develop their complete potential when they are entirely used by all parties involved and replace the paperwork as such. In this context, experience shows that even in the Member States that provide online solutions, these are not entirely used by all farmers, leading to coexistence of online and paper-based applications. To give an example, in Denmark within the last year 60% of the farmers made use of the online application system.<sup>18</sup> In France in 2008, one year after the implementation of the system, 25% of the farmers (in certain areas up to 40%) used TelePAC<sup>19</sup> to fill in and submit their single application.<sup>20</sup>

Against this background, the content of the recommendation differs according to the state of implementation of eGovernment solutions. For those Member States that do not yet provide online portals for farmers at all, it is recommended that they develop and introduce online solutions for the farmers serving all information requirements as described above. For the Member States that provide only partial electronic solutions, the recommendation is to enlarge these to cover all Information Obligations imposed by the Single Payment Scheme. And for the countries that already have a full online solution in place, it is recommended that they promote it and encourage farmers to make more use of it.

### 1.3 EU/Member State remit to act

The management of the Single Payment Scheme is organised at Member State level. Thus, the recommendation to “introduce and/or encourage the use of online portals” represents

---

<sup>18</sup> Source: Danish Food Industry Agency, telephone interview, 26 March 2009.

<sup>19</sup> TelePAC is the online application system for CAP beneficiaries in France. <https://www1.telepac.agriculture.gouv.fr/telepac/html/public/aide/conseils.html>.

<sup>20</sup> Source: French payment agency, Agence Unique de Paiement – 09/06/08.

a Type II recommendation addressing the national institutions. Reduction objective pursued and nature of the recommendation

#### 1.4 Objectives of the intervention

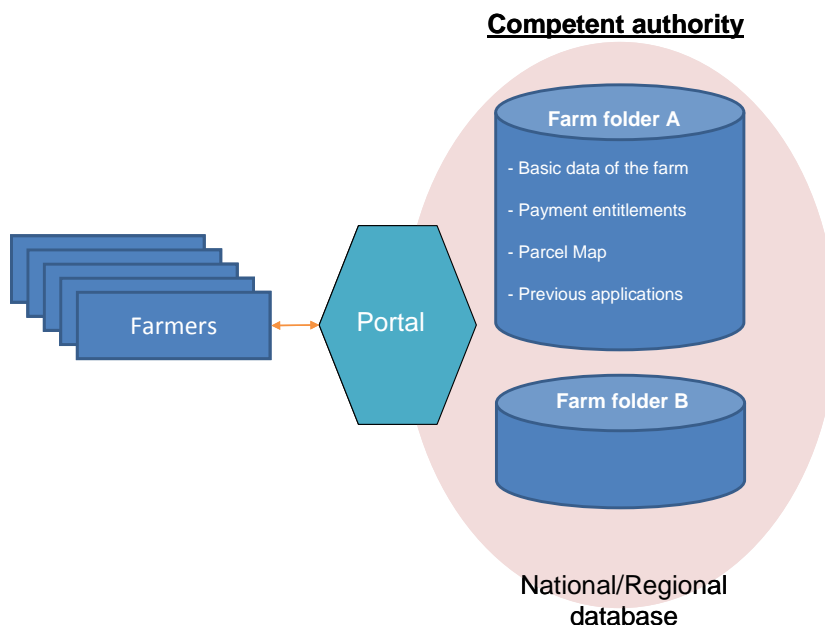
To facilitate the processes for farmers and reduce errors, we recommend that online portals providing access to the existing databases of the Member State's authorities be established in all Member States.

Simplification is a major objective of EU agricultural policy. In addition, the Recommendation contributes to the objectives of more effective controls, better administration, and the use of appropriate technical resources in Regulations 1782/2003 and 796/2004.

#### 1.5 Detailed description of Recommendation

The Recommendation assumes that all data regarding applications and payment entitlements per farmer is stored in one or more databases in the Member States. Hence, the databases contain all basic data regarding the farms and the farmers, their payment entitlements, parcel maps, and all previous applications and notifications. This is illustrated in the following Figure.

Figure 1: Portal-database solution

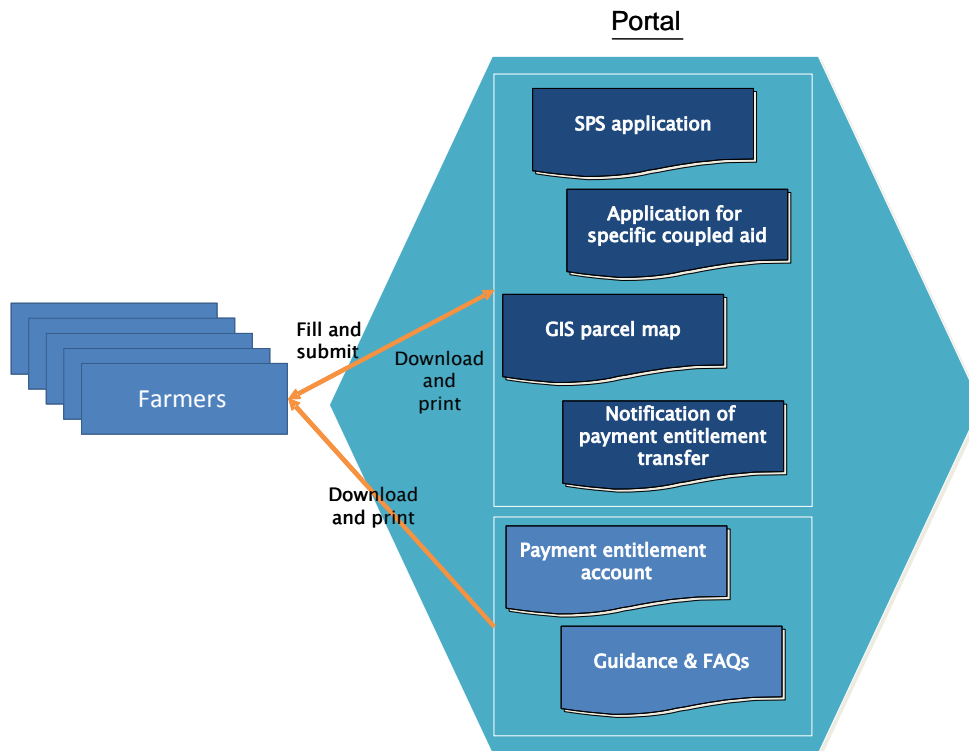




By Capgemini/Deloitte/Ramboll Management.

The individual data stored in the database should be accessible for the farmers via an online portal. The portal should furthermore enable the farmers to comply online with all affected IOs ensuring a smooth development of all administrative tasks related to the first pillar of the CAP<sup>21</sup> – the SPS – as illustrated in the figure below.

Figure 2: Main functionalities of the portal



By Capgemini/Deloitte/Ramboll Management.

In terms of functionality, the portal should provide forms to fill in and submit single applications and applications for specific coupled aid, parcel declarations and notifications of payment entitlement transfers. In addition, the portal should allow the farmers to

<sup>21</sup> As the SPS was the main scope of the measurement, the recommended eGov solution focuses on the first pillar of the CAP. However, the second pillar – rural development – also requires administrative activities of the farmers. Hence, the eGov solution could be developed as an integrated system for all administrative tasks related to the CAP, e.g. as planned in United Kingdom by February 2010.

download, extract and print information regarding the stored payment entitlements as well as general guidance and FAQs.

As a single interface between the competent authorities and the farmers the portal should comprise the following features:

- It should be accessible via Internet through every standard browser for all farmers, so that no extra software, aside from standard Office tools, and no extra knowledge are necessary to work with it;
- The portal should secure access and appropriate protection functionalities;
- The portal should provide user-friendly forms for the single application and applications for specific coupled aid, pre-filled with the data from the previous year;
- These interactive forms should be able to calculate subtotals and cross-sums, check completeness and plausibility, as well as establish links between the different sheets of the application as these are repeated 'time-killers';
- The parcel maps should be created and editable by means of a Geographical Information Service (GIS)<sup>22</sup> functionality and pre-filled with the data from the previous year;
- Regarding the transfer of payment entitlements the portal should provide different user-friendly forms specified for the single definite and determinable transfer acts, such as purchase with and without land, lease etc.;

---

<sup>22</sup> A GIS integrates hardware, software, and data for capturing, managing, analysing and displaying all forms of geographically referenced information. GIS allows viewing, understanding, questioning, interpreting, and visualising data in many ways that reveal relationships, patterns, and trends in the form of maps, globes, reports, and charts. GIS helps to answer questions and to solve problems by looking at the data in a way that is quickly understood and easily shared. The most well known free GIS software is Google Maps and Google Earth.

In an agricultural context, GIS is a very satisfying solution to collect and share data related to area size, cultivation of the farm acreage, conditions of the earth, plants, and water conditions etc. That GIS is a system for spatial data and nearly all data provided and needed in the field of agriculture has a spatial component, makes it a perfect solution here. The main advantage of using a GIS is the fact that it can easily be used from any user's computer which is connected to the Internet, and everyone can see and use all the other data collected.

- Additionally, the portal should provide operating guidelines and frequently asked questions (FAQ) and an online helpdesk.

The present Recommendation is in line with the EC's legal provisions on the Single Payment Scheme. Member States are encouraged by the European Commission to use electronic means for all communication with the farmers related to the management of the CAP subsidies.<sup>23</sup>

#### **Outline of the German Central InVeKoS Database (CID)** <sup>24</sup>

Germany's system is a good example of how a portal such as that recommended here can work. The CID is a system for the integrated management of payment entitlements. It provides each farmer with the possibility of retrieving information on payment entitlements assigned to transfer these to other farmers, or to transfer payment

---

<sup>23</sup> Article 18 of Regulation (EC) No 796/2004 ("Simplification of procedures") contains the respective provisions and defines basic requirements regarding the general use of electronic means: *1. Without prejudice to any specific provisions of this Regulation and of Regulation (EC) No 1782/2003, Member States may permit or require that any kind of communications under this Regulation both from the farmer to the authorities and vice versa be made by electronic means. In that case, appropriate measures shall be taken to ensure in particular that:*

- (a) the farmer is unambiguously identified;*
- (b) the farmer complies with all requirements under the aid scheme concerned;*
- (c) the transmitted data is reliable in view of the proper management of the aid scheme concerned; where use is made of the data contained in the computerised database for bovine animals, that database shall offer the level of assurance and implementation necessary for the proper management of the aid schemes involved;*
- (d) where accompanying documents cannot be transmitted electronically, such documents are received by the competent authorities within the same time limits as in the case of transmission by non-electronic means;*
- (e) there is no discrimination between farmers using non-electronic means of submission and those opting for electronic transmission.*

<sup>24</sup> This information is the Consortium's translation and summary of *Management der Zahlungsansprüche in der Zentralen InVeKoS-Datenbank (CID)* that can be downloaded for €1.50 from the following website: [www.aid.de/shop/shop\\_detail.php?bestellnr=1539](http://www.aid.de/shop/shop_detail.php?bestellnr=1539).

entitlements from other farmers online via internet. The CID is not a trading exchange where payment entitlements can be offered or found. It is rather a transaction platform where permanent transfers (e.g. via purchase or inheritance) as well as temporary transfers (lease) are notified and documented. This implies that the notification effected in the database is not a pre-condition for the validity of the transfer.

### **Objectives of the CID**

Generally, a transfer of payment entitlements is based on a contract between the parties involved and hence represents an act under civil law. However, the transfer has to be notified to the competent authority. Against this background the CID was introduced to ensure a citizen-oriented and efficient administration. The contractual partners can save themselves from visiting the authority as the transfer can be notified at each time from home. Furthermore, the CID provides a series of controls, ensuring that a transfer notification can only be saved if all legal preconditions imposed by EC legislation are achieved. These plausibility checks contribute to enhancing the legal security regarding the commerce in payment entitlements even though they do not anticipate the later consideration and decision of the competent authority in relation to activation of payment entitlements.

### **Content of the CID**

All payment entitlements assigned to the single farmers are uploaded by the paying agencies in the German Federal States. An “account” is set up in the CID for each farmer with payment entitlements. As in a bank statement or the stock-list of custody accounts, the system stores characteristics of each single payment entitlement, e.g. origin, serial number, number, region, type, value, National Reserve, last use etc.

### **Identification of payment entitlements**

The identification of a payment entitlement is secured by a nationwide definite serial number in combination with a consecutive number in the following form: “09 AACJ 1”. The first two digits represent the Federal Land that assigned the entitlement, the following letter series (with up to 7 letters) represent the farm that was assigned the payment entitlement on the first occasion and the last number represents the consecutive number

of the single payment entitlement. Where similar payment claims are running at the same time, they can be clustered to facilitate handling with intervals of 11 entitlements. This is expressed in the identification number which becomes – “09 AACJ 1-11”.

The EU law emanated from “entire” payment entitlements equalling one hectare. As the allocation and the further use consider two decimal places, i.e. going down to level of the are, not just the “entire” payments but also “fractional” payment entitlements can be subject to a transfer.

#### **Notification of transfer to the competent authority**

The notification is carried out based on concordant information provided by transferor and transferee. Both are advised by the system regarding legal barriers concerning the transfer resulting from EU legislation. Both get a PDF document containing a list of the transferred payment entitlements which they can download and print in the necessary numbers. The transferors are advised to deliver one print-out to the transferee and store one print-out together with the contractual documents. The notification of the transfer within the CID is also precondition for the use of the payment entitlement in regard to the single application.

The CID can be found through the following link: [www.zi-daten.de](http://www.zi-daten.de). The access is secured by SSL (Secure Socket Layer) cryptography. For farms that would like to establish separate access for different employees, it is possible to establish joint user identification with related PIN. Furthermore, several measures to ensure that only the farmer himself knows his PIN are applied.

Further insight into the functionalities and the layout of the CID can be obtained via a test access that is provided on the following website:

<http://www1.zi-daten.de/CIDTest/Hilfe/testzugang.html>.

German farmers regard the CID not only as being user-friendly and convenient, but also as a time- and cost-saving solution.

The introduction of the recommended online portal solution within the Member States will reduce the time farmers spend on filling and submitting applications for single payments and for special coupled aid, parcel declarations and notifications on the transfer of payment entitlements in all countries where such a solution does not yet exist. Hence, the recommended solution reduces the “price” of complying with the described IOs for all farmers; the “quantity” of applications and notifications will not be affected by the recommendation.

### 1.5.1 The current and future situations per IO

How the Recommendation exactly leads to an administrative burden reduction is explained below, based on a comparison of the current and future situation regarding the affected IOs.<sup>25</sup>

#### IO 1.1) “Applications for direct payments/single application”

##### **Current situation (‘as is’)**

In order to receive direct payments, farmers have to fill in and submit an application including a parcel map referring to their acreage to the competent authority in the respective Member State each year before a defined date. The forms and partly also the data requirements to be provided differ from country to country and in decentralised Member States (such as Germany and Italy) even between the regions. The amount of time needed to fill and submit the application varies according to the complexity of the application. As the applications and parcel-maps are pre-filled with the data from the previous year<sup>26</sup>, the complexity varies according to the changes compared to the previous year that have to be “reported” by the application. Within the measurement, two segments – simple and complex applications – were studied. Furthermore, the processes might vary according to if they are carried out by the farmer himself or if the farmer uses external

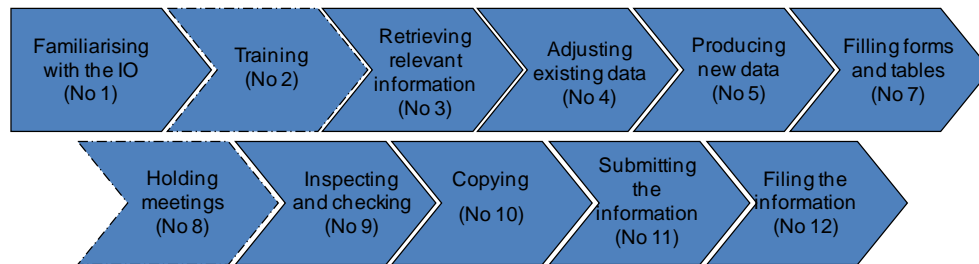
---

<sup>25</sup> For detailed qualitative descriptions of the processes in the single Measurement Countries please refer to the , *Study to assess the administrative burden on farms arising from the CAP*, Final Report, October 2007; published on the website of DG Agriculture and Rural Development, <http://ec.europa.eu/agriculture/analysis/external/burden/fulltext.pdf>.

<sup>26</sup> Cf. recommendation on reduction of information to be provided with each annual application by using pre-filled forms.

advisors who are more experienced regarding the applications. However, the process carried out by an advisor generally is the same except the fact that it takes less time. Broken down to the level of activities the general process that involves nearly all SCM standard activities can be described as follows:

Figure 3: Current business process of the “Applications for direct payments”



By Capgemini/Deloitte/Ramboll Management

Before starting the application procedure farmers need to become familiar with the IO. They have to check if there were legal changes reflected in the forms compared to earlier years and, as they only have to comply with the IO once a year, they need to recapitulate what needs to be done in order to submit a comprehensive application and parcel map (Activity 1). In this context, in some countries<sup>27</sup> training is provided to the farmers (Activity 2). As the application forms as well as the parcel-maps are pre-filled, the information the farmers have to collect (Activity 3) mainly deals with the parcel map. Especially in cases of changes in, for example, land use or land possession; more time is spent on retrieving the relevant information (Activity 3) as well as on making corrections/amendments to the collected data (Activity 4) before filling in the form and map. Calculations on acreage have to be made (Activity 5) and the parcel related changes are drawn on the parcel map and described in writing in the form (Activity 7). Links have to be established between the different pages of the form.

Often it is not only the farmer himself who takes care of the application. Other people as external advisors may also be involved (Activity 8). Time is then spent on inspecting and

<sup>27</sup> The interrupted lines of certain process steps in all process figure (here in figure 3 activities 2 and 8 are concerned) represent those parts of the business process that farmers have to run not in all Measurement Countries.

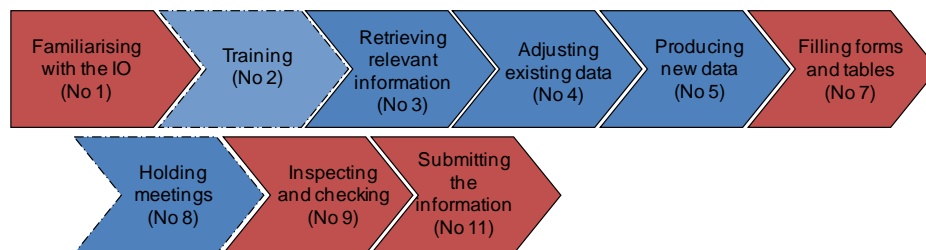
checking the pre-filled and amended data (Activity 9). Before sending the paper application by post (Activity 11), the whole application is copied (Activity 10) for later filing (Activity 12).

### Future situation ('to be')

The introduction of the online portal enabling farmers to fill in and submit their single application, including the parcel maps, will considerably reduce the time farmers spend on this IO and hence have a significant positive impact on the administrative costs of farmers. Beside the facilitation of the application process for the farmers the system will help to reduce errors, thereby creating smoother application and payment transactions.

The following Figure illustrates the future business process farmers have to run when applying for direct payments using the online portal. The process steps that will disappear are deleted from the Figure above, while the steps that will be influenced by the online solution are marked in a darker shade (red).

Figure 4: Future business process for IO 1.1) Application for direct payments



By Capgemini/Deloitte/Ramboll Management

As the system will provide all guidance needed to fill in the forms, the time needed to familiarise with the IO will be reduced (Activity 1). Activities 2 to 5 will not be affected by the electronic solutions as it will still be necessary to collect, adjust and produce new information. In terms of filling in the online form and the parcel map created and processed by the GIS (Activity 7), it is assumed that the time to be spent will be reduced, as entering information via computer is less time-consuming than providing handwritten information. The information will be better arranged. Furthermore, the automatic calculation functions like subtotals and cross-sums, as well as the plausibility check provided by the system, will have a positive influence on the time spent on this activity.



The plausibility check will also have an impact on the time spent on inspecting and checking the information provided (Activity 9). Farmers and their advisors currently spend much time on checking as no payment is in the event of delivery of incorrect data.

A good practice example regarding control functionalities can be found in the Danish EHA database: the EHA system is equipped with a warning system that distinguishes between serious and minor errors. In the case of a minor error, the farmer or the advisor gets a warning, but it does not affect the aid if left unsolved. On the other hand, in the event of a serious error, an error message appears that the farmer will not get the aid or a part of the aid if the problem is not resolved before submitting the application.

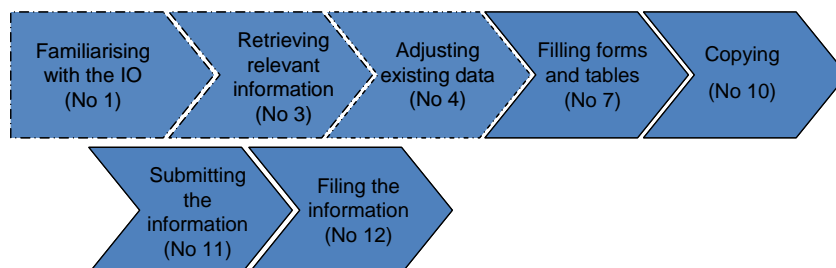
It is assumed that the online submission will be the only channel for the submission of applications and that there will be no “double delivery” (i.e. both online and in paper-based version). All documents are in online format, there is no need to copy (Activity 10) anymore. As the event of submission will not be more than a “click” and the information will be stored automatically in the system, the time needed for Activities 11 and 12 will decrease or disappear.

IOs 1.2), 1.3) and 1.4) “Additional application for specific coupled aid”

**Current situation (‘as is’)**

Regarding the additional applications for specific aid (IOs 1.2 and 1.3 – “Additional application for sheep and goat premiums and supplementary premium” and IO 1.4) – “Additional application for beef and veal payments”) that are, so to speak, appendices to the single application, the business process is illustrated below.

*Figure 5: Current business process applications for specific coupled aid*



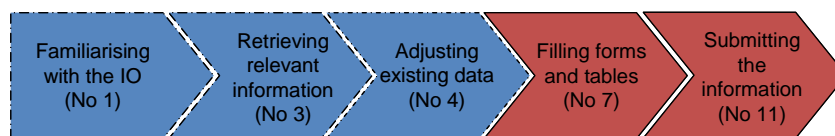
By Capgemini/Deloitte/Ramboll Management

A certain familiarisation with the requirements of the specific applications (Activity 1) is the starting point. Information has to be collected regarding the numbers and specifics of the animals (Activity 3) that needs to be adjusted to the format of the form (Activity 4) and filled (Activity 7). As with the single application, the Annex is copied, submitted and filed (Activities 10, 11 and 12).

### Future situation ('to be')

Using the online forms provided for the applications for specific aid will lead to a reduction of the time needed to comply with the activities marked in a darker shade (red) in the Figure below.

*Figure 6: Future business process applications for specific coupled aid*



By Capgemini/Deloitte/Ramboll Management

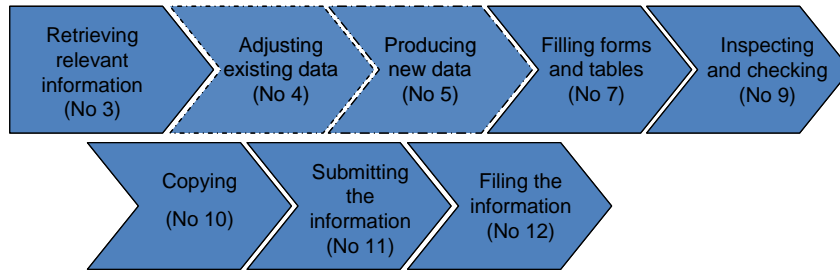
The time needed to fill in the additional applications (Activity 7) is expected to decrease as the online form provides guidance and the entering of information via a computer is less time-consuming than providing handwritten information, as the information is better arranged and the control function displays errors that can be adjusted straight away. There will be no time needed for copying and filing the documents any longer as all information is provided online and the amount of time spent on submitting the applications will decrease considerably as it is just a “click” in the system.

### IO 2.1) Amendments to the single application

#### Current situation ('as is')

As defined in the IO description in Chapter 1, amendments to a submitted single application are acceptable in terms of addition of parcels not yet declared as well as in terms of the use or aid scheme of parcels already declared. The business process farmers have to comply with to submit an amendment declaration is illustrated in the Figure below.

Figure 7: Business process of the IO "Amendments to the single application"



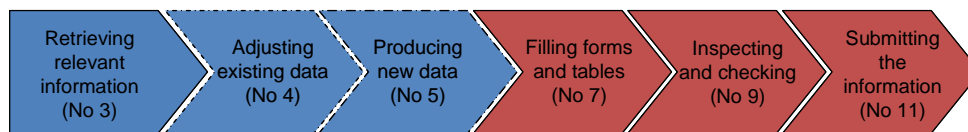
By Capgemini/Deloitte/Ramboll Management

The farmers have to collect the information regarding the parcel amendments they want to declare (Activity 3), and, in case of complex changes, to adjust the respective information provided to the single application (Activity 4) as well as create the new data to be provided with the amendment declaration (Activity 5). The amended information has to be drawn on the parcel map and filled in the relevant parts of the application form (Activity 7) before copying, submitting and filing the amended single application (Activities 10, 11 and 12).

### Future situation ('to be')

Amending the single application and the parcel map online will lead to the disappearance of some activities as well as to a decrease in the time of the activities marked in a different shade in the Figure below.

Figure 8: Future business process of the IO "Amendments to the single application"



By Capgemini/Deloitte/Ramboll Management

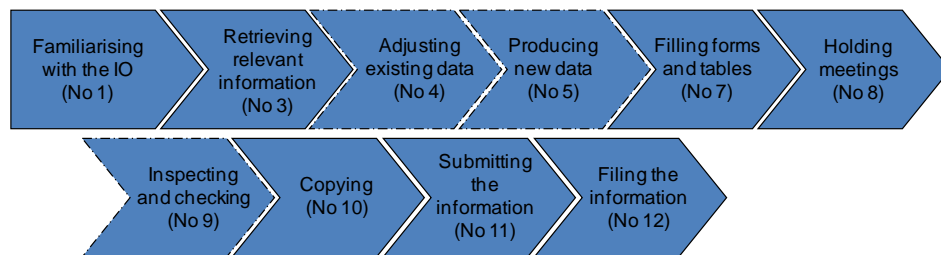
The effect of the online solution on the amendments is the same as for the application for single payments described above.

IO 1.5) “Transfer of payment entitlements”

**Current situation (‘as is’)**

According to the measurement data the processes that have to be run through by the farmers regarding the transfer of payment entitlements differ (at least partly) between the Measurement Countries. Transfers of entitlements might take place by sale, gift, inheritance, or lease, and as explained in the IO description in Section 1 can be effected with or without land. Typically, transfers are notified by using a paper-based application form including different sections to fill out according to the transfer facts. At the overall level of standard activities, the process can be described as in the following figure<sup>28</sup>. The process steps that are surrounded by interrupted lines in the figure represent those activities that farmers do have to run only in certain Measurement countries.

*Figure 9: Current business process regarding the “Transfer of payment entitlements”*



By Capgemini/Deloitte/Ramboll Management

Farmers start by studying the legal requirements of the IO and checking the respective paper-based form to familiarise themselves (Activity 1).

Once they know what to do they collect the relevant information to fill out the form as well as copies of any additional documents they have to provide (Activity 3). The information to be filled in the form includes the basic data regarding the transferor and transferee, information regarding the type of transfer as well as specifying the quantity and details of the concrete payment entitlements to be transferred. A time-consuming aspect under Activity 3 (for example in Ireland) is the establishment of values of the payment

<sup>28</sup> The figure does not concern the business process in Germany. As with the CID there is already an online solution in place the current German business process is similar to the future business process as described by the following figure.

entitlements and, in case of transfers with land, the gathering of acreage-related information, such as value and number of hectares. For these activities external advisors/lawyers are often used.

The information gathered will be adjusted (Activity 4) and prepared to meet the requirements of the form. A list of payment entitlements and, in cases of transfer with land, the respective acreage subject to the transfer has to be drawn up and all the data collected, adjusted and extra data is filled into the form (Activities 5 and 7). After a manual check of completeness and plausibility (Activity 9) the form is signed by the transferor.

A meeting with the transferee – personal or “virtual” in the sense of interchanging the application by post – has to be arranged to obtain their signature. In cases of involvement of external advisors meetings also have to be organised with them (Activity 8).

Copies have to be made of the application and additional documents that need to be submitted (Activity 10). In all countries a copy of the contract between transferor and transferee has to be submitted. (Further additional documents differ between the Measurement Countries.<sup>29</sup>) The whole application package is then submitted to the competent authority (Activity 11) and archived (Activity 12).

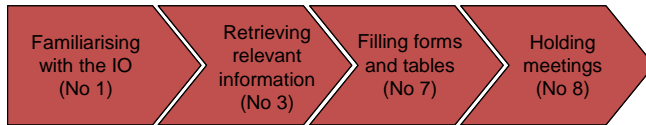
### **Future situation (‘to be’)**

The user-friendly portal will once established enable farmers to fill and submit their notifications of transfers of payment entitlements electronically. Based on the experience from the measurement, the future business process of transferring payment entitlements by means of an electronic solution like the German CID can be described as illustrated below.

---

<sup>29</sup> Examples of these additional documents include: birth certification, declaration of income, declaration of off-farm income, declaration of qualifications; documents certifying conferral of a VAT-code of transferor and transferee, identity card and tax code documents.

Figure 10: Future business process regarding the "Transfer of payment entitlements"



By Capgemini/Deloitte/Ramboll Management.

Even if an electronic solution is in place, farmers will still have to familiarise themselves with the requirements. However, the amount of time needed for Activity 1 will be reduced as the portal provides the relevant information and guides the user through the whole process. Specific forms are provided for each different type of transfer, guiding the farmer on what information has to be provided. Beside the specific transfer forms, the portal provides an account of payment entitlements per farmer that can be downloaded and/or printed as well as some general functionality as illustrated by the screenshot of the CID below.

Figure 11: Screenshot of the user-interface of the CID - start-page (test access)



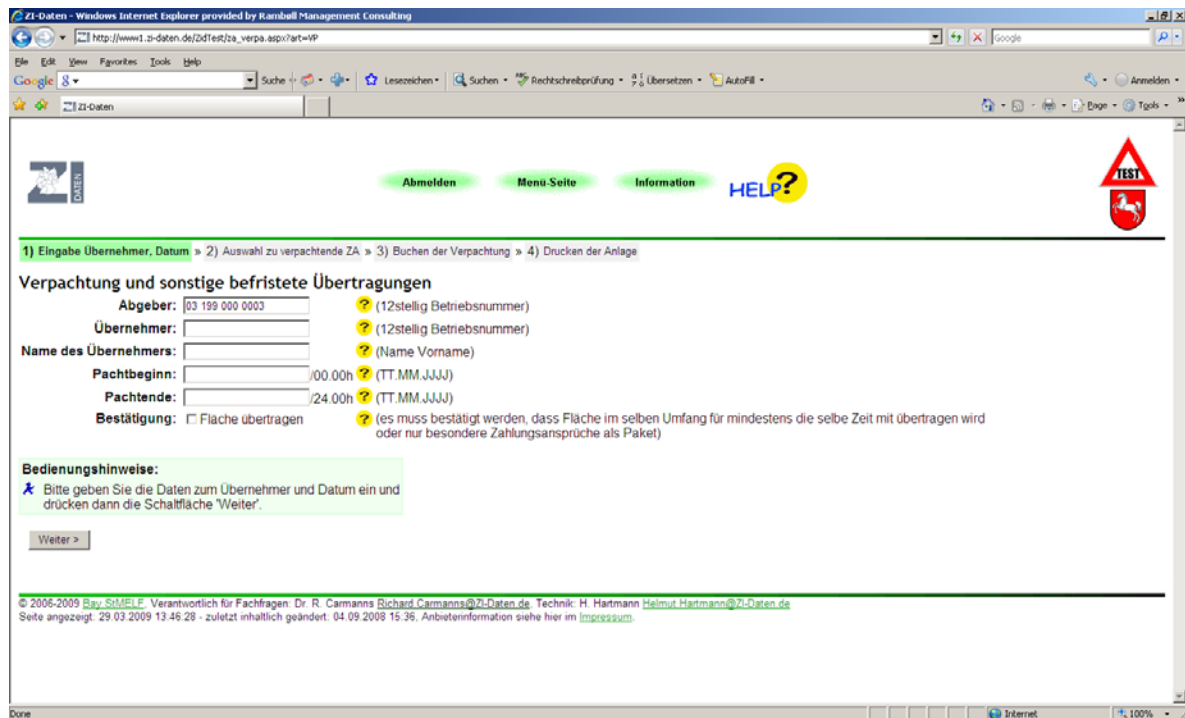
Source: CID

Activity 3 will not formally change as gathering the information to fill in the online forms will still be necessary, but the time needed for this activity will decrease radically. The time needed to gather the relevant information regarding the payment entitlements will be reduced, as the full list of entitlements of the transferor including all the characteristics such as number, value etc. is contained and displayed in the CID and can be downloaded. Hence, no time is needed to establish the value of the individual payment entitlement anymore.

The time needed to fill in the forms (Activity 7) will be reduced for several reasons: no basic transferor data needs to be provided as the transferor is identified by entering his log-in details. In terms of the basic data of the transferee, only the name and his company number have to be filled in, as transfer is only possible to farmers that are registered in the system and the relevant information is stored behind the respective company number. As all existing payment entitlements are registered in the system, the selection of payment entitlements subject to the transfer will be easily possible by just “clicking” on them and no further written information has to be provided.

Regarding the single types of transfer, the CID only requires the minimum of information necessary to comply with the legal requirements of the specific IO. Basic data regarding transferor (“Abgeber”), transferee (“Übernehmer”) and the type of transfer (here: “Pacht”) has to be filled in on the first screen.

Figure 12: Screenshot of the user-interface of the CID – lease (test access)



Source: CID

On the second page, the payment entitlements planned to be transferred can be selected from the display list of all payment entitlements allocated to the notifying farmer.

As in Germany, it is assumed that no external advisors/lawyers have to be involved in the process any more. However, this might imply that Member States need to align their practices and the way in which they register payment entitlements as a result. Furthermore, as plausibility checks are provided by the system, no time needs to be spent on Activity 9 (inspecting and checking) any more. Activities 10, 11 and 12 will disappear as such.



## 2. Impact

The introduction and use of online portals will make it easier for the farmer to fill in and submit applications, parcel maps and transfer notifications, and hence reduce the cost of complying with the relevant IOs in all Member States. The impact calculated is based on the assumptions of full implementation in all Member States and that all farmers in the EU-27 use their national/regional portal, and that no paper-based applications, parcel maps and transfer notification will be submitted to the Member States' authorities any more.

The Recommendation has a positive impact on the time of several activities needed to comply with the relevant IOs. The tables in this section lay down the assumptions as to the extent to which the time and cost of the activities affected per IO will be reduced. The specific assumptions are based on general, experience-based assumptions for eGovernment type solutions. The general assumptions are explained in Annex 2 and adapted to the specific nature of this Recommendation.

The total impact per IO is calculated on the basis of the data from the Measurement Countries (Denmark, France, Germany, Ireland and Italy)<sup>30</sup> and only with regard to the internal cost.<sup>31</sup> More detailed information regarding the calculation of the reduction impact per Measurement Country is provided in Annex 1.

The first Table below illustrates the estimated reduction impact per activity for the IOs 1.1) "*Applications for direct payments/single application (including parcel map)*" and 2.1) "*Amendments to the single application*", as the underlying assumptions for these two IOs are the same.

---

<sup>30</sup> However, as the time measured in Italy is generally booked on Activity 8 (meetings) because the processes are carried out by external semi-public advisors (Agricultural Support Centers) working next to the farmers the provided reduction assumptions do not fit. In the absence of more specific information, the reduction impact for Italy is hence calculated as for the Extrapolated Countries.

<sup>31</sup> As we are not in the position to assess exactly the affect on the external costs and these amount to less than 10% of the total administrative burden, they were left out of the calculations.

Table 1: Estimated reduction impact per activity for the IOs 1.1) "Applications for direct payments / single application (including the parcel map)" and 2.1 "Amendments to the single application".

Standard activities – SCM model	Reduction impact (%)	Explanation
1. Familiarising with the IO	20%	<ul style="list-style-type: none"> <li>The system provides all the guidance needed to fill in the application forms and the parcel map. However, as farmers still have to familiarise themselves with the requirements and this is the most time-consuming part, the reduction impact is assumed to equal 20%.</li> </ul>
7. Filling in forms and tables, including record keeping	10%	<ul style="list-style-type: none"> <li>A reduction of this activity is assumed, as entering information via a computer is less time-consuming than providing handwritten information since the information is better arranged. Furthermore, the plausibility checks of the system display errors that can be adjusted straightaway. This is also a time-saving aspect in terms of filling in the form.</li> <li>As the portal provides pre-filled forms there would be a further time-saving as less information has to be entered on the form. However, the respective reduction impact which is assumed to amount to 50% is already taken into account by a separate Recommendation on "the reduction of information to be provided with each annual application by using pre-filled forms" and hence is not calculated at this point.<sup>32</sup></li> </ul>
9. Inspecting and checking	50%	<ul style="list-style-type: none"> <li>As the portal provides plausibility checks as well as subtotal and cross-sum functions, the time needed</li> </ul>

<sup>32</sup> See document „One pager“ on recommendations Agriculture 4, 5 and 10 (SPS).

		to check and correct the data will be reduced considerably. However, as the farmers will still have to check completeness, the impact is assumed to amount to 50%.
10. Copying (reproducing reports, producing labels or leaflets)	100%	<ul style="list-style-type: none"> <li>The calculation of the reduction impact is based on the assumption that the portal can and will be used as the only channel for the submission of applications and parcel maps, and that there will be no “double delivery” (i.e. both online and in hard copy). Hence, no time is needed for copying.</li> </ul>
11. Submitting the information (sending it to the relevant authority, etc.)	90%	<ul style="list-style-type: none"> <li>The time needed to submit the application is expected to drop nearly completely as the submission via the online portal will not take more than a “click”.</li> </ul>
12. Filing the information	100%	<ul style="list-style-type: none"> <li>As the applications will be stored in the database and can be downloaded if needed there is generally no need for further filing.</li> </ul>

By Capgemini/Deloitte/Ramboll Management

Taking into account the assumptions illustrated above, the total reduction impact for *IO 1.1) “Applications for direct payments/single application”* amounts to 13.6% of the total administrative burden or €288.6 million. Referring to the parcel maps as integral part of the Information Obligation the total reduction impact equals €87.4 million (4.1%). The impact for the rest of the application amounts to 9.4% or €201.2 million.

For *IO 2.1) “Amendments to the single application”*, the impact on the total administrative cost and burden equals €1.2 million (16.6%).

The following Table illustrates the assumptions regarding the reduction of time spent on the single activities for the IOs related to applications for specific aid i.e.

- IO 1.2) “Additional application for sheep and goat premiums”,
- IO 1.3) “Additional application for sheep and goat premiums – supplementary premium” and
- IO 1.4) “Additional application for beef and veal payments”.

Table 2: Assumptions regarding the reduction of time spent on the single activities for the IOs related to applications for specific aid.

Standard activities – SCM model	Reduction impact (%)	Explanation
7. Filling in forms and tables, including record keeping	10%	<ul style="list-style-type: none"> <li>▪ A reduction of this activity is assumed, as entering information via a computer is less time-consuming than providing handwritten information as the information is better arranged. Furthermore, the control functions of the system display errors that can be adjusted straightaway, which is also a time-saving aspect regarding filling in the form.</li> <li>▪ As the portal provides pre-filled forms there generally would be a further timesaving as less information has to be entered in the form. However, the respective reduction impact assumed to amount to 50% is already taken into account by a recommendation on reduction of information to be provided with each annual application by using pre-filled forms and hence is not calculated at this point.</li> </ul>
10. Copying (reproducing reports, producing labels or leaflets)	100%	<ul style="list-style-type: none"> <li>▪ The calculation of the reduction impact is based on the assumption that the portal can and will be used as the only channel for the submission of applications, and that there will be no “double delivery” (i.e. both online and in hard copy). Hence, there is no further time needed for copying.</li> </ul>

11. Submitting the information (sending it to the relevant authority, etc.)	90%	<ul style="list-style-type: none"> <li>▪ The time needed to submit the application is expected to drop nearly completely as the submission via the online portal will not take more than a “click”.</li> </ul>
12. Filing the information	100%	<ul style="list-style-type: none"> <li>▪ As the applications will be stored in the database and can be downloaded if needed there is generally no need for further filing.</li> </ul>

By Capgemini/Deloitte/Ramboll Management

Taking into account these assumptions, the total reduction impact of the recommendation on IO 1.2) “Additional application for sheep and goat premiums” amounts to 7.5% or €0.5 million and for IO 1.4) “Additional application for beef and veal payments” the impact equals €1.1 million (8.1%).

The IO 1.3) “Additional applications for sheep and goat premiums – supplementary premium” is not relevant in the Measurement Countries. In the absence of detailed cost data the reduction impact calculated for IO 1.2) was applied to this IO. The reduction impact of 7.5% gives a monetary amount of €1.5 million.

The impact calculation for IO 1.5) “Transfer of payment entitlements” is based on the good practice example from Germany. It is assumed that the processes in all Member States after implementation of a database like the CID will be similar to the process for Germany. Furthermore, it is assumed that the time needed to run this process (as described in Chapter 2.2) will decrease to the level of Germany, being the same for all types of transfers without differences due to complexity. In this context, it is furthermore assumed that also the external cost for advisors/lawyers also drops.

Based on these assumptions the reduction impact for IO 1.5) “Transfer of payment entitlements” amounts to 81.3% or €91.2 million.

## 3. Implementability

### 3.1 Investment costs

The introduction of online portals serving all information requirements resulting from the SPS will require investments for the public sector. The investment costs are expected to be high in those Member States where no electronic solution is in place so far; not just for the system itself but also for preconditions, such as a wide-scale access to Internet facilities for the farmers, including pre-filled online application forms and parcel maps created by means of GIS.

The implementation cost of central eGovernment solutions depends on the technical complexity of the portal, the amount of data that needs to be sent through the portal, the amount of users, the security level, the 24/7 availability of the portal and other performance related issues. The higher the level of performance and security, the higher the investment costs.

Insight into this issue comes from the experience of the German CID which is described in Chapter 2. The investment costs for the public sector were comparatively low as the CID was built up on an already existing IT-structure. This structure was provided by the "Herkunftssicherungs- und Informationssystem für Tiere (HIT)"<sup>33</sup>, an electronic system for the identification and registration of animals implemented in compliance with Regulation (EC) No 1760/2000<sup>34</sup> and its predecessor Regulation (EC) 820/1997<sup>35</sup>. Using the existing

---

<sup>33</sup> The HIT database, a good example for the identification and registration of bovine animals, is described further in the Impact Fiches on the Recommendation: "Develop an EU-wide eGovernment solution that contains an online database for bovine, ovine and caprine animal life event registration and an online database for the registration of transport of animals" (Priority Area Food Safety).

<sup>34</sup> Regulation (EC) No 1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2000:204:0001:0010:EN:PDF>).

structure, the development and implementation of the Central InVeKoS database required investment costs of only €50,000–60,000 for the programming. Additional material costs to provide hardware (web servers and application servers) amounted to approximately €40,000.

For the farmers, the expected investment costs will be high if IT availability is weak and low if there are IT systems and Internet facilities available. There is no comprehensive data on the extent to which farmers in Europe have access to the Internet. However, while initially many farmers in Europe were unable to adopt the Internet for use in their farming operations because the necessary infrastructure was not available, the rural expansion of wireless infrastructure in recent years has improved the situation.

Within the Nordic and western European countries, like the Netherlands and Luxembourg, IT availability is to a large extent a given fact.<sup>36</sup> For example, 80% of Swedish farmers already have access to the Internet, and a third of them use the Internet daily. However, in other regions such as Tuscany (Italy) and Hungary, only a quarter of the farmers use the internet.<sup>37</sup> The use of the Internet in most East European countries is growing significantly, but is at this moment relatively low. For example, in Romania the percentage of population which uses the Internet is 33.4% and in Bulgaria 32.6%. The Internet usage in urban areas is much higher than in rural areas, meaning that it is reasonable to assume that the usage among farmers is below 30%.<sup>38</sup>

It is hard to predict how long it will take to achieve the desired level of Internet usage and literacy among farmers across the EU although a capacity-building programme could speed up this process.

---

<sup>35</sup>Council Regulation (EC) No 820/97 of 21 April 1997 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products.<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31997R0820:EN:HTML>.

<sup>36</sup> <http://www.welcomeurope.com/default.asp?id=1300&idnews=5246&print=yes>

<sup>37</sup> <http://www.internetworldstats.com/stats9.htm#eu>

<sup>38</sup> <http://www.internetworldstats.com/stats9.htm#eu>

### 3.2 Complexity

As a large number of Member States already have portal solutions for farmers in place, it is assumed that the technical complexity is generally manageable<sup>39</sup>.

### 3.3 Political will/opportunities & barriers

To our knowledge, there are no political barriers regarding the implementation of online portals for farmers. As described in Chapter 2.2, the European Commission (DG AGRI) is in favour of and encourages Member States to implement comprehensible electronic solutions covering all administrative processes related to the Single Payment Scheme.

### 3.4 Time frame

The introduction of online portals serving all information requirements resulting from the SPS is regarded as a structural change over a longer period of time. The implementation of central eGovernment solutions generally does take some time. Once the decisions of principle are taken, the time required reaching agreements on the data exchange and technical solutions can vary greatly. The main time-consuming aspect is often the standardisation and interoperability of data and systems.

The actual technical implementation of a working portal solution in all Member States where no or only a partial solution exists should be achievable within two to three years, based on the average project time for similar ICT projects. In Denmark for example the development and implementation of the first version of the online application system took

---

<sup>39</sup> However, in terms of legal/technical complexity, there might be a challenge for some Member States regarding the implementation of the functionality to transfer payment entitlements online. How easy it is to transfer payment entitlements (electronically) depends on how these have been registered in the establishment period. In Germany where, as described above, the online portal CID ensures a very easy and smooth transfer process, the payment entitlements are registered with a nine digit number reflecting not only “entire” payment entitlements equivalent to one hectare, but also “fractional” payment entitlements. In other Member States it might be the case that payment entitlements were registered differently, e.g. that names or numbers are allocated only to “entire” entitlements or even only to groups of several payment entitlements. As often only fractions of payment entitlements are transferred this can cause problems in terms of traceability of the payment entitlement. In Austria, for example, this limits the “commerce” in payment entitlements.



around two years.<sup>40</sup> In this context, implementation in all Member States could be achieved by 2012.

However, with a view to the partly limited availability of IT systems and Internet facilities of farmers especially in East European countries the picture seems to be different. Even if in 2012 all Member States had implemented the recommended integrated eGovernment solution it is doubtful that all farmers could and would make use of it leading to a complete replacement of paper-based communication by online submission of applications, parcel maps and transfer notifications. Hence, it is expected that the calculated reduction impact will not be entirely effective by 2012.

---

<sup>40</sup> Source: Danish Food Industry Agency, telephone interview, 26 March 2009.

---

## 4. Image

The administrative burdens on farmers resulting from the Single Payment Scheme were measured on behalf of DG Agriculture and Rural Development in a separate study in 2007<sup>41</sup>. Qualitative information on irritation was collected during the interviews and workshops; however, no irritation score is available regarding the IOs affected by the current recommendation.

Several irritants mentioned qualitatively have been addressed in the meantime by DG Agri or the individual Member States. For detailed information regarding the country-specific irritants, please refer to the final report of that study.

---

<sup>41</sup> Cf. footnote 23.

## 5. Annex 1 – assumptions for impact calculations

### Detailed calculation assumptions

The tables below illustrate the impact per Measurement Country<sup>42</sup> and provide some comments on the impacts. The first two tables refer to the detailed impact calculations for the IO “Application for direct payments / single application”. While the first table refers to the application excluding the parcel map table 4 separately illustrates the impact on the parcel maps.

*Table 3: Detailed impact calculation: IO 1.1) Applications for direct payments/ single application (excluding the parcel maps)*

Country	Current administrative burden (in €)	New administrative burden (in €)	Reduction percentage	Reduction (in €)	Comments
Denmark	16,750,231	15,683,478	6.4%	1,066,753	
France	203,240,742	166,745,643	18.0%	36,495,098	
Germany	377,894,435	330,840,009	12.5%	47,054,425	
Ireland	4,593,333	3,651,188	20.5%	942,146	

By Capgemini/Deloitte/Ramboll Management.

*Table 4: Detailed impact calculation: IO 1.1) Applications for direct payments/ single application – parcel maps*

Country	Current administrative burden (in €)	New administrative burden (in €)	Reduction percentage	Reduction (in €)	Comments
Denmark	4,300,474	4,094,760	4.8%	3,243,215	
France	37,400,000	34,238,000	8.5%	3,162,000	
Germany	135,332,000	125,187,803	7.5%	66,903,597	
Ireland	16,001,667	12,596,875	21.3%	7,614,792	

By Capgemini/Deloitte/Ramboll Management

<sup>42</sup> Italy is not included in the tables as the respective impact was calculated as for the Extrapolated Countries. For the reasons: cf. footnote 30.

The following table shows the impact for *IO 1.2) Additional applications for sheep and goat premiums*.

*Table 5: Detailed impact calculation: IO 1.2) Additional applications for sheep and goat premiums*

Country	Current administrative burden (in €)	New administrative burden (in €)	Reduction percentage	Reduction (in €)	Comments
Denmark	171,518	169,803	1.1%	1,715	The reduction impact for France is much higher than for Denmark as there are administrative burden related to the activity "Familiarisation with the obligation" which is affected by the recommendation. This is due to the fact that in France the SPS was implemented in the measurement year and hence the applications were submitted for the first time.
France	816,000	709,920	12.7%	106,080	
Germany	0	0	0.0%	0	In Germany sheep and goat premiums do not exist.
Ireland	0	0	0.0%	0	In Ireland sheep and goat premiums do not exist.

By Capgemini/Deloitte/Ramboll Management.

The related *IO 1.3) "Additional applications for sheep and goat premiums - supplementary premium"* is not relevant in the Measurement Countries. In default of detailed cost data the reduction impact calculated on IO 1.2) is applied on IO 1.3) for the Non-Measurement Countries.<sup>43</sup>

The following table illustrates the detailed impact calculations for the additional application for beef & veal meat payments.

<sup>43</sup> For the results of the impact calculation please refer to the separate EU 27 impact calculation.

Table 6: Detailed impact calculation: IO 1.2) Additional applications for beef and veal payments

Country	Current administrative burden (in €)	New administrative burden (in €)	Reduction percentage	Reduction (in €)	Comments
Denmark	47,892	46,455	2.7%	1,437	The reduction impact for France is much higher than for Denmark as there are administrative burden related to the activity "Familiarisation with the obligation" which is affected by the recommendation. This is due to the fact that in France the SPS was implemented in the measurement year and hence the applications were submitted for the first time. Explain high impact
France	6,451,500	5,806,350	10.0%	645,150	
Germany	0	0	0.0%	0	In Germany premiums for beef and veal do not exist.
Ireland	0	0	0.0%	0	In Ireland premiums for beef and veal do not exist.

By Capgemini/Deloitte/Ramboll Management.

The next table shows the detailed impact calculations for amendments to the single application.

Table 7: Detailed impact calculation: IO 2.1) Amendments to the single application

Country	Current administrative burden (in €)	New administrative burden (in €)	Reduction percentage	Reduction (in €)	Comments
Denmark	196,417	163,026	16.7%	33,391	
France	0	0	0.0%	0	The measurement year 2006 was the year of the implementation of the SPS in France. Hence, no amendments to single applications are recorded.
Germany	28,152	22,522	19.8%	5,630	
Ireland	159,375	138,656	13.0%	20,719	

By Capgemini/Deloitte/Ramboll Management.

The last table illustrates the detailed impact calculations for transfers of payment entitlements.

*Table 8: Detailed impact calculation: IO 1.5) Transfer of payment entitlements*

Country	Current administrative burden (in €)	New administrative burden (in €)	Reduction percentage	Reduction (in €)	Comments
Denmark	7,716,631	1,234,661	83.8%	6,481,970	
France	51,885,105	5,707,362	89.1%	46,177,743	
Germany	2,879,596	2,879,596	0.0%	0	There is no reduction impact for Germany as with the CID the electronic solution is already in place.
Ireland	19,351,814	387,036	98.2%	18,964,778	

By Capgemini/Deloitte/Ramboll Management.

## 6. Annex 2 – General assumptions used in calculating impact of eGovernment Recommendations

This Annex sets out the general, experience-based assumptions used in calculating the impact of recommendations concerned with eGovernment-type solutions.

The Standard Cost Model (SCM) is an accounting methodology used to build up a proxy for the costs of administrative burdens imposed by regulation (Information Obligations) based on the time that it takes 'a normally efficient business'. This is then applied across the population of the business sector to which it applies. The basis of the measurement is the table of 14 'standard activities'. The times spent on these activities are, for example, affected by changes in legislation or the implementation of an eGovernment application.

An eGovernment application can affect several standard activities of the SCM model. The activities typically affected by eGovernment are those activities regarding gathering, submitting, changing, copying, sending and filing the information needed to comply with the Information Obligations.

The table below provides guidelines for estimating the expected reduction in administrative costs as a result of implementing an eGovernment solution based on expert opinions, including the experience of the consortium in designing and implementing eGovernment solutions.

The percentages in the Table below are presented in ranges and cannot automatically be applied to each solution: it depends on the specific design of an eGovernment application and the execution of the IO. This is the main reason for presenting wide ranges with minimum values of 0%. The minimum value of 0% is in place when a business is highly IT-equipped. The maximum value is in place when a business does not have any IT or IT-systems at all. Activities which will be affected by eGovernment are in boldface type.

Table 9: SCM activities and estimated reduction through eGovernment

Standard activities – SCM model	Affected through eGovernment	Reduction through eGovernment	Comments
1. Familiarising with the information obligation	Yes	0% – 25%	Through a personal domain (in a portal) businesses gain only insight only into relevant legal information.
2. Training members and employees about the information obligations	No	0%	
3. Retrieving relevant information from existing data	Yes	0% – 50%	For businesses, the information requested is partly electronically available and could automatically be extracted from administration software and put into forms.
4. Adjusting existing data	Yes	0% – 70%	Businesses could adjust existing information electronically.
5. Producing new data	Yes	0% – 50%	For producing new data, businesses could use prefilled forms and other information which is electronically available. This information could be directly connected to the content of requested forms.
6. Designing information material	No	0%	
7. Filling in forms and tables, including record keeping	Yes	30% – 70%	Businesses could use prefilled forms with standard information regarding the organisation. Reuse of electronic records saves time.
8. Holding meetings (internal as external with an auditor, lawyer and the like)	No	0%	



Standard activities – SCM model	Affected through eGovernment	Reduction through eGovernment	Comments
9. Inspecting and checking (including assistance to inspection by public authorities)	No	0%	
10. Copying (reproducing reports, producing labels or leaflets)	Yes	0% – 100%	Businesses could have documents electronically available and could attach this information directly to the relevant forms.
11. Submitting the information (sending it to the relevant authority, etc.)	Yes	0% – 90%	Businesses could submit information electronically. They do not need to send the information to government authorities either by fax or post. Time is saved when a document has to be sent to more than one authority on the same occasion.
12. Filing the information	Yes	0% – 90%	Businesses could file their information electronically. They do not any more need to print and copy information and put this manually in a file or archive. This also saves archive space.
13. Buying (IT) equipment and supplies (e.g. labelling machine)	No	0%	
14. Other	Maybe	Depends on other IOs	

By Capgemini/Deloitte/Ramboll Management.