The Land Parcel Identification System: a useful tool to determine the eligibility of agricultural land – but its management could be further improved

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Chamber I - Sustainable use of natural resources
ECA’s Special Reports

- The ECA’s special reports set out the results of its performance and compliance audits of specific budgetary areas or management topics.

**Compliance audit**
- Are EU income and expenditure transactions correctly calculated and do they comply with the relevant legal and regulatory framework requirements?

**Performance audit**
- Do the EU funds provide value for money?
- Have the funds used been kept to a minimum (economy)?
- Have the results been achieved with the fewest possible resources (efficiency)?
- Have spending or policy objectives been met (effectiveness)?
Why the Court decided to audit the LPISs?

**Risks**
- MEA is overstated, cross checks ineffective;
- New types of land become eligible;

**Materiality**
- Check of payments made under the CAP of approximately 45.5 billion euro in 2015.

**Relevance**
- Allocation of new payment entitlements under the BPS is made on the basis of the area recorded.

**Coverage**
- No special report by ECA so far.
Audit scope, objectives and approach (I)

Is the Land Parcel Identification System (LPIS) well managed?

- Have the LPIS allowed Member States to reliably check and measure the eligibility of land claimed by beneficiaries?
- Were the systems adapted to meet the requirements of the 2014-2020 CAP (in particular greening obligations and simplification)?
- Was the Commission adequately fulfilling its monitoring role?
Audit scope, objectives and approach (II)

• Audit visits to the European Commission (DG-AGRI and DG-JRC) and to five Member States (Austria, Germany (Saarland and North Rhine-Westphalia), Ireland, Poland and the United Kingdom (Scotland))
• A survey to the Member States covering all 44 different LPISs
• Documentary analysis of previous audit findings by the Court and the Commission
• Desk reviews, interviews, examination of relevant documents
How the visits to the Member States were selected?

These Member States were selected on the basis of:

- Materiality*: our sample covered 33.6% of the amounts paid out
- Type of reference parcel system: the selected Member States/regions covered physical block, agricultural parcel, topographical block, cadastral parcel, and farmers’ block
- Audit coverage by the Court and the Commission – Member States audited extensively due to an action plan or financial corrections were not included in our sample.

* Materiality is determined based on the percentage of direct aids and selected area-related measures in 2013/2014 in relation to the total associated EU expenditure. Materiality in relation to Germany and UK covers all regions.
Part I - Despite good achievements in the implementation of the Land Parcel Identification Systems, room for improvement remains

✓ Good achievements in the implementation of the LPISs
✓ Ortho-imagery was mostly up-to-date
✓ Photo-interpretation was not always reliable or conclusive
Part I - Despite good achievements in the implementation of the Land Parcel Identification Systems, room for improvement remains

✓ Pro-rata was not always applied reliably

✓ Semi-automated detection tools were being tested, but were not yet operational
Part I - Despite good achievements in the implementation of the Land Parcel Identification Systems, room for improvement remains

✓ Information on whether the land is actually at the farmer’s disposal was included in some LPISs – good practices identified

✓ Insufficient information for fully assessing the cost-effectiveness of implementing the LPIS – no reliable and comparable cost information
Part II - The Land Parcel Identification System was being upgraded to meet the requirements of the CAP reform

✓ The adaptation of LPISs by Member States for greening was progressing but was not yet complete

➢ Weaknesses in Member States’ determination of permanent grassland (traceability of the 5-year conversion period, exact location)

➢ The EFA layer was currently under development by Member States

➢ Weaknesses in the registration of landscape elements protected under cross-compliance or the agri-environmental scheme
Part II - The Land Parcel Identification System was being upgraded to meet the requirements of the CAP reform

✓ Simplification is ongoing but remains a challenge
  ➢ The geospatial aid application - a useful tool
  ➢ The visited Member States decided not to apply the 2 % stability threshold
  ➢ The 100-tree rule - a complicated exercise
  ➢ New specifications of eligible land presented challenges for the LPIS
  ➢ Current efforts by the Commission to simplify the LPIS not yet complete
Part III - The Commission’s LPIS monitoring improved but did not focus enough on LPIS performance

✓ The Commission’s LPIS-related guidance improved compared to the previous CAP period – but essentially focuses on aspects of legality and regularity and provides little information on how to improve the cost-effectiveness of monitoring

✓ Action plans and financial corrections addressed LPIS shortcomings – long delay between the claim years concerned and the calendar year in which the financial correction had been finally applied – to be streamlined
Part III - The Commission’s LPIS monitoring improved but did not focus enough on LPIS performance

☑ The reliability of the LPIS quality assessment results was undermined by weaknesses in its methodology and application
  ➢ Pre-analysis of QA parcels
  ➢ Limited number of field visits
  ➢ Interpretation of methodology not consistent
  ➢ Lack of proper segregation of duties between the QA staff and the staff performing the LPIS update
  ➢ The QA results were not sufficiently used to improve the quality of LPIS data
Recommendation 1
Improving processes to increase LPIS data reliability

- Based on a quantified cost-benefit analysis and an assessment of risks, the Member States should strengthen their efforts to increase LPIS data reliability based on timely and thoroughly conducted updates of the system.

- Given the complexity of pro-rata assessment, the Member States using this option should make further efforts to develop a pro-rata catalogue with clear description and assessment criteria and to use complementary technical tools in order to increase the objectivity of ortho-imagery analysis and ensure reproducibility.

- Member States should also consider the possibility of recording data on ownership and lease rights in their LPIS whenever feasible and cost-effective.
Recommendation 2
Measuring the cost-effectiveness of implementing the LPIS

- With the support of the Commission, the Member States should develop and set up a framework for assessing the cost of running and updating of their LPISs. This should enable the Member States to measure the performance of their LPISs and the cost-effectiveness of system improvements.
**Recommendation 3**
**Registering permanent environmental features more reliably**

- Member States should ensure that, using their LPISs, they reliably identify and register, and then effectively monitor, ecological focus areas, permanent grassland and new categories of land.

- They should also assess the cost versus benefits of including in their LPISs all landscape elements protected under cross-compliance or agri-environmental schemes in order to further enhance the monitoring and protection of such elements beneficial for the environment and for biodiversity.
Recommendation 4
Streamlining some LPIS-related rules in the current legal framework

- The Commission should re-examine the current legal framework in order to simplify and streamline the LPIS-related rules for the next CAP period, e.g. by re-considering the need for the 2 % stability threshold and the 100-tree rule.
Recommendation 5
Improving the representativeness of the QA samples

- The Commission should carry out a cost-benefit analysis to determine whether the representativeness of QA samples could be improved so that a better coverage of the population of parcels in the LPIS can be achieved.
Recommendation 6
Better monitoring of QA results

- The Commission should improve the monitoring of QA results by analysing any inconsistencies in QA reporting, following them up, providing feedback to the Member States, and ensuring that remedial action plans are prepared and executed when needed.

- The Commission should also carry out a detailed annual trend analysis for each Member State and reference parcel type so that potential problems can be identified in good time.
Thank you for your attention!