



SUMMARY REPORT on the implementation of direct payments [except greening]

Claim year 2021

This report presents the implementation of the direct payments by Member States for claim year 2021. It is based on the information provided by Member States to the Commission services to date. It is made available without prejudice to any finding in respect of their compliance with the regulatory framework. Data on the implementation in respect of previous claim years, used in this report to compare the data collected in claim year 2021, have been corrected and/or updated where relevant.

June 2023

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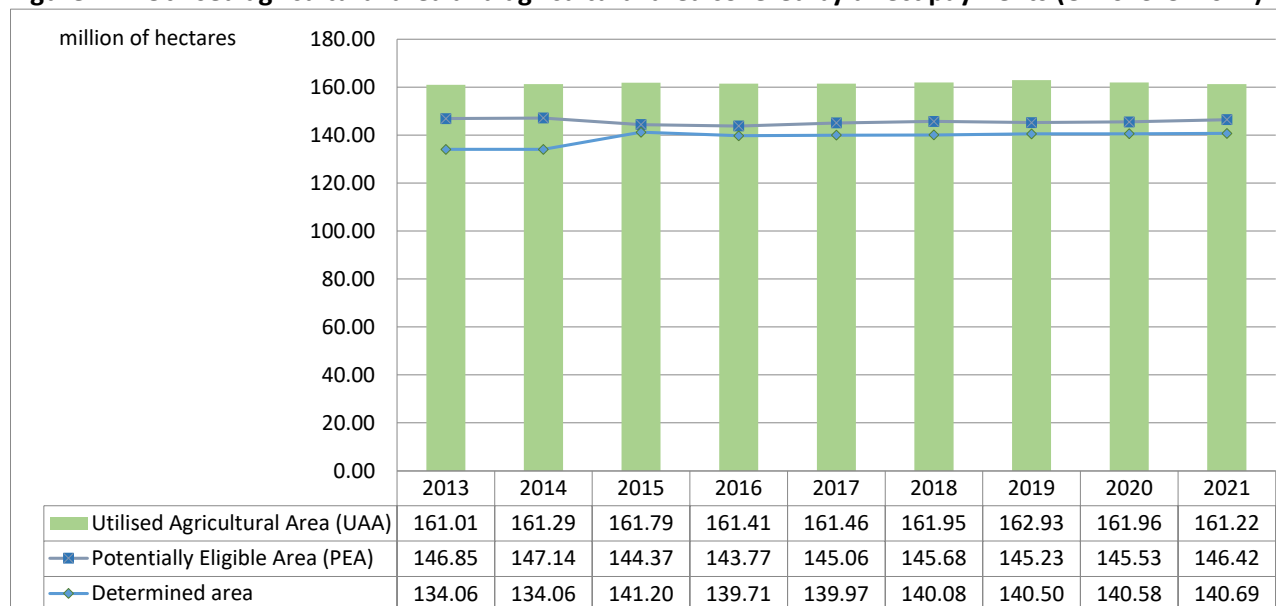
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I GENERAL IMPLEMENTATION DATA

I.1. Agricultural area trends

- The **Potentially Eligible Area (PEA)**, see the text below figure 1.1 for a description of the area concepts used, for direct payments (DP) has remained relatively stable since claim year (CY) 2015 and amounted to about 146 million hectares in CY2021 (+0.6% from a year ago and +1.4% as compared to CY2015).
- The structural break in the PEA observed between CY2014 and CY2015 (-2.1%) following the 2013 CAP reform is due to the exclusion of ineligible features in one Member State (i.e. correction following an audit).
- The **determined area** has also remained little changed since CY2015, standing at approximately 140 million hectares in CY2020 (+0.1% from a year ago and -0.4% as compared to CY2015).
- The considerable increase between CY2014 and CY2015 (+4.5%) in the determined area is reflecting the changes implemented after the 2013 CAP reform that have provided support for an increasing part of the potentially eligible agricultural area. Note that the PEA and the determined area account, respectively, for 91% and 87% of the **Utilised Agricultural Area (UAA)** across the EU-27 Member States.

Figure 1.1: Utilised agricultural area and agricultural area covered by direct payments (CY2013-CY2021)



Data source: UAA – Eurostat and DG AGRI. PEA and Determined area – Member States' notifications in CATS.

UAA: the "Utilised Agricultural Area" corresponds to the total area irrespective of any claim for direct payments.

PEA: the "Potentially Eligible Area" corresponds to the total area declared by beneficiaries and potentially eligible for payment.

The "Determined area" corresponds to the total area declared by beneficiaries and for which all eligibility conditions are met. It takes into consideration the results of the administrative and on-the-spot checks, and for the Basic payment scheme (BPS) the number of payment entitlements (PEs).

NB: The PEA and the determined area correspond to the area declared by farmers applying to the Single payment scheme (in CY2013 and CY2014), the BPS (from CY2015 to CY2021), the Single area payment scheme (SAPS) (all years) and the Small farmers scheme (SFS) (from CY2015 to CY2021). They do not cover the potential area declared by farmers who applied only for certain coupled payments (e.g. cotton payments, voluntary coupled support). In CY2021, this type of area represented about 3.3 million ha in the EU-27, i.e. about 2.25% of total PEA. Discrepancy between the UAA and the PEA/the determined area can be explained mainly by different definitions/thresholds applied. Not all UAA recorded for statistical purposes is declared by farmers under the direct payments system (see further point I.2).

I.2. The utilised agricultural area and the area covered by direct payments in CY2021

- In general, the differences observed between the determined area and the PEA are due to 1) the limitations in the number of payment entitlements compared to the eligible area for the BPS Member States (see the last bullet point and section III.1 below) and 2) the result of controls in all Member States.
- In CY2021, the Member States with the highest differences between the PEA and the determined area were AT, ES, EL, PT, FR and IE.
- In 21 out of 27 Member States, the UAA is higher than the PEA (the opposite is observed in BE, DE, IE, FI, CZ and CY). These differences reflect mainly discrepancies in the definition of eligible area for direct payments and the UAA (e.g. common land is not always included in the UAA).
- The UAA is higher than the determined area in all Member States, except in IE and CY. The observed gap can be explained by the fact that the concept of total determined area excludes, in particular, agricultural area of 1) farmers below the minimum requirements for being granted direct payments, 2) farmers not fulfilling the eligibility conditions for being allocated payment entitlements in the BPS Member States (limitations for e.g. fruit and vegetables, permanent grassland located in areas with difficult climate conditions or wine producers decided by certain Member States)¹, and 3) farmers not applying for direct payments.

Table 1.1: Total agricultural area, Potentially eligible area and Determined area (claim year 2021)

in hectares		Utilised Agricultural Area (a)	Potentially Eligible Area (BPS/SAPS + SFS) (b)	Determined Area (BPS/SAPS + SFS) (c)	Difference between Determined and PEA (c-b)	% Difference determined /PEA (c-b)/b	Difference between PEA and UAA (b-a)	% Difference PEA /UAA (b-a)/a
BE	BPS	1,368,310	1,371,886	1,312,430	-59,456	-4.3%	3,576	0.3%
DK	BPS	2,618,400	2,594,901	2,555,482	-39,419	-1.5%	-23,499	-0.9%
DE	BPS	16,591,500	16,712,799	16,590,015	-122,785	-0.7%	121,299	0.7%
IE	BPS	4,337,130	4,666,799	4,432,554	-234,245	-5.0%	329,669	7.6%
EL	BPS	5,137,040	4,301,536	3,975,102	-326,434	-7.6%	-835,504	-16.3%
ES	BPS	24,420,400	21,165,062	19,145,587	-2,019,475	-9.5%	-3,255,338	-13.3%
FR	BPS	28,897,880	26,892,938	25,529,195	-1,363,743	-5.1%	-2,004,942	-6.9%
HR	BPS	1,476,350	1,111,774	1,096,318	-15,456	-1.4%	-364,576	-24.7%
IT	BPS	12,987,420	10,508,945	9,705,324	-803,621	-7.6%	-2,478,475	-19.1%
LU	BPS	132,810	121,955	119,663	-2,292	-1.9%	-10,855	-8.2%
MT	BPS	10,730	6,920	6,881	-39	-0.6%	-3,810	-35.5%
NL	BPS	1,811,910	1,767,047	1,739,910	-27,137	-1.5%	-44,863	-2.5%
AT	BPS	2,602,490	2,534,632	2,276,615	-258,017	-10.2%	-67,858	-2.6%
PT	BPS	3,980,490	3,072,937	2,851,629	-221,308	-7.2%	-907,553	-22.8%
SI	BPS	479,490	457,021	438,736	-18,284	-4.0%	-22,469	-4.7%
FI	BPS	2,268,000	2,285,702	2,245,096	-40,606	-1.8%	17,702	0.8%
SE	BPS	3,002,910	2,927,724	2,902,861	-24,863	-0.8%	-75,186	-2.5%
BPS member States		112,123,260	102,500,577	96,923,398	-5,577,179	-5.4%	-9,622,683	-8.6%
BG	SAPS	5,046,600	3,840,813	3,803,477	-37,336	-1.0%	-1,205,787	-23.9%
CZ	SAPS	3,529,800	3,531,255	3,529,572	-1,683	0.0%	1,455	0.0%
EE	SAPS	986,670	969,329	966,629	-2,700	-0.3%	-17,341	-1.8%
CY	SAPS	123,450	133,313	131,948	-1,365	-1.0%	9,863	8.0%
LV	SAPS	1,970,100	1,767,117	1,758,142	-8,975	-0.5%	-202,983	-10.3%
LT	SAPS	2,937,470	2,886,679	2,870,010	-16,669	-0.6%	-50,791	-1.7%
HU	SAPS	5,049,010	4,976,005	4,961,088	-14,917	-0.3%	-73,005	-1.4%
PL	SAPS	14,521,860	14,201,066	14,167,345	-33,722	-0.2%	-320,794	-2.2%
RO	SAPS	13,078,880	9,775,286	9,757,736	-17,550	-0.2%	-3,303,594	-25.3%
SK	SAPS	1,856,130	1,838,825	1,825,578	-13,247	-0.7%	-17,305	-0.9%
SAPS Member States		49,099,970	43,919,690	43,771,526	-148,164	-0.3%	-5,180,280	-10.6%
EU-27		161,223,230	146,420,267	140,694,924	-5,725,343	-3.9%	-14,802,963	-9.2%

Data source: UAA - Eurostat and DG AGRI. PEA and Determined area – Member States' notifications in CATS.

UAA: The "Utilised Agricultural Area" corresponds to the total area irrespective of any claim for direct payments.

PEA: The "Potentially Eligible Area" corresponds to the total area declared by beneficiaries and potentially eligible for payment.

The "Determined area" corresponds to the total area declared by beneficiaries and for which all eligibility conditions are met. It takes into consideration the result of administrative and on-the-spot checks and for the BPS the number of payment entitlements.

¹ Limitations from Article 24(4) to (7) of Regulation (EU) 1307/2013.

I.3. The number of admissible applicants for direct payments in CY2021

- Eligibility to the basic payment (BPS/SAPS – see section III.1 below) is a pre-condition to qualify for other direct payments (with the exception of the coupled support).
- The number of **admissible applicants** (i.e. the number of farmers applying for the BPS, SAPS, SFS, VCS only and cotton payments)(*) decreased by approximatively 12.4 % between CY2015 and CY2021. The sharpest decreases were predominantly observed in IT (-25.3%), ES (-22.1%), EE (-17.8%). FR (-15.4%) and LT (-12.6%). This downward trend is reflecting, among others, an overall decline in the total farmer population (retirement), the high drop in the number of the SFS participants not joining other schemes (IT, EL) (see section VIII below) or stricter maintenance criteria for permanent grassland and an increase in mergers of small farms (EE). Moreover, an increase in the minimum requirements (from EUR 100 to EUR 300 in ES, and from EUR 250 to EUR 300 in IT) is also an important factor explaining the observed decline in the number of applicants.
- In most BPS Member States, the decline in number of admissible applicants (-15.1% on average between 2015 and 2021) is typically associated with a decrease in the determined area, although the latter was of a significantly lower magnitude (-1.5% on average). In SAPS Member States, the number of admissible applicants declines at a slower pace than in BPS Member States (-8.4% on average), though it is not mirrored by a decrease in the determined area (+2.2% on average).
- Contrary to the general and widespread downward trend observed at the EU-27 level, the number of applicants has increased in four Member States: HR (+6.1%), CZ (+4.6%), IE (+0.5%) and SK (+0.1%). It is worth to point out that the average farm size in SK and CZ is among the highest within the EU-27, which explains the relatively low absolute number of admissible applicants in these two countries.

(*) An admissible applicant is a farmer whose application for direct payments was admissible at the time of submission and who remained admissible following the administrative checks. However, following the on-the-spot checks, it is not excluded that an initially admissible applicant is found to be ineligible for direct payments.

Table 1.2: Number of admissible applicants (CY2015-CY2021) and change in the determined area (CY2015-CY2021)

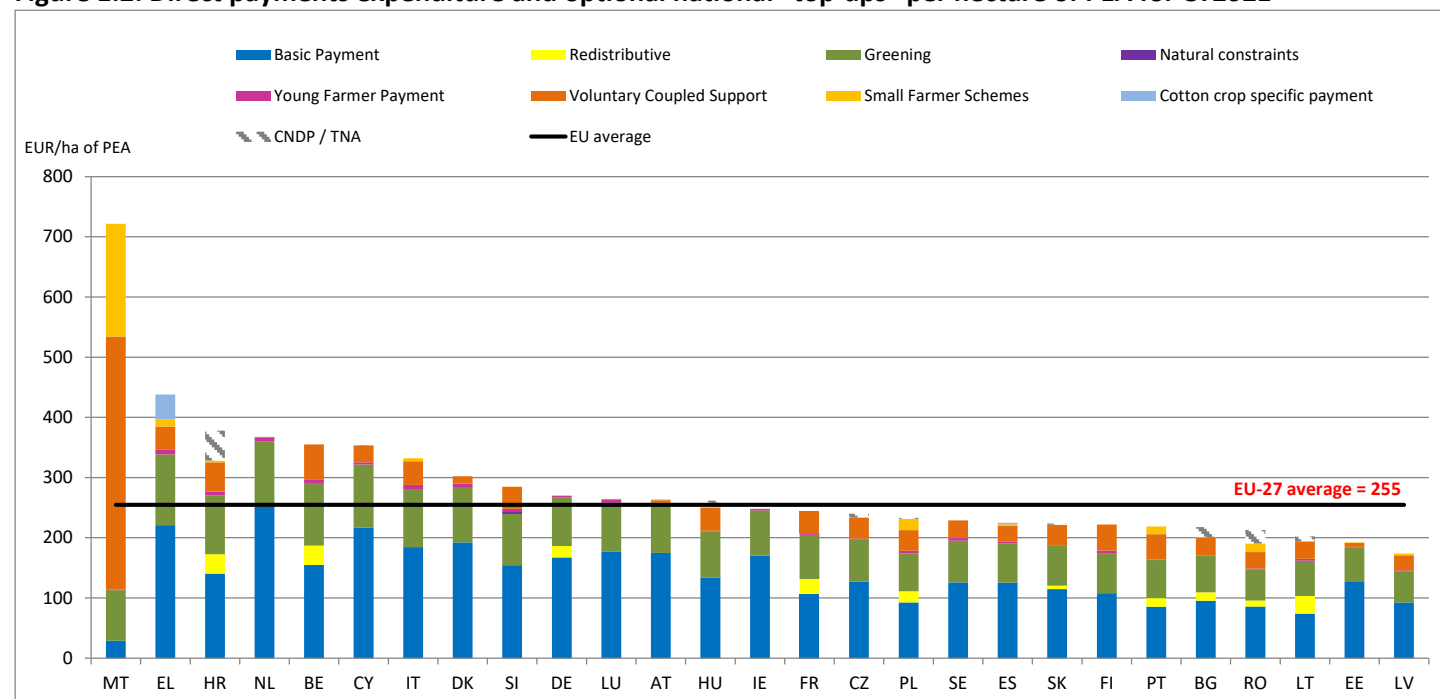
Member State	Number of admissible applicants								Determined area 2021/2015
	CY2015	CY2016	CY2017	CY2018	CY2019	CY2020	CY2021	2021/2015	
BE	35,681	35,131	34,128	33,886	33,736	33,432	33,227	-6.9%	-1.5%
DK	40,797	39,531	38,638	37,918	37,333	36,673	36,046	-11.6%	-1.4%
DE	321,388	316,897	313,917	310,655	307,123	304,264	302,718	-5.8%	-1.7%
IE	126,762	124,390	129,558	128,498	127,859	127,682	127,421	0.5%	0.7%
EL	685,486	646,348	619,753	611,531	610,205	615,948	621,281	-9.4%	4.3%
ES	792,741	719,331	653,380	652,131	642,209	632,753	617,718	-22.1%	-1.2%
FR	354,441	330,591	318,962	312,426	307,710	303,533	299,828	-15.4%	-2.1%
HR	98,691	97,019	99,850	101,526	104,147	103,537	104,664	6.1%	8.1%
IT	1,002,205	898,695	809,764	789,840	772,364	757,452	749,110	-25.3%	-3.6%
LU	1,824	1,780	1,756	1,730	1,713	1,696	1,682	-7.8%	-2.1%
MT	5,336	9,670	5,221	5,084	4,985	4,858	4,774	-10.5%	-16.0%
NL	45,847	45,776	44,960	44,530	43,999	43,608	43,183	-5.8%	0.3%
AT	109,472	108,607	107,380	106,348	105,263	104,227	102,958	-6.0%	-10.7%
PT	157,928	153,172	153,602	152,891	151,894	149,772	149,439	-5.4%	3.1%
SI	57,169	56,621	56,440	56,083	55,550	55,063	54,636	-4.4%	-2.4%
FI	52,672	51,439	50,308	49,516	48,654	47,316	46,420	-11.9%	-0.6%
SE	60,246	58,555	57,937	56,572	56,214	55,960	55,658	-7.6%	-1.0%
BPS MS total	3,948,686	3,693,553	3,495,554	3,451,165	3,410,963	3,377,774	3,350,763	-15.1%	-1.5%
BG	65,642	67,836	67,183	65,621	62,873	60,079	58,353	-11.1%	4.2%
CZ	28,904	29,584	29,843	30,093	30,177	30,169	30,223	4.6%	-0.3%
EE	17,100	15,542	15,019	14,558	14,275	14,083	14,049	-17.8%	1.9%
CY	33,501	33,062	32,868	32,677	32,233	32,325	31,204	-6.9%	-1.7%
LV	61,111	59,744	58,484	57,689	56,947	56,472	54,914	-10.1%	6.3%
LT	136,221	134,069	127,470	125,322	123,316	122,591	119,116	-12.6%	2.4%
HU	175,278	174,635	173,752	171,347	168,592	165,922	163,299	-6.8%	0.4%
PL	1,346,848	1,344,911	1,336,349	1,317,653	1,304,524	1,292,121	1,267,814	-5.9%	0.2%
RO	881,989	844,460	834,213	820,299	799,474	786,580	776,210	-12.0%	6.3%
SK	18,142	18,978	18,845	18,780	18,573	18,253	18,163	0.1%	-1.7%
SAPS MS total	2,764,736	2,722,821	2,694,026	2,654,039	2,610,984	2,578,595	2,533,345	-8.4%	2.2%
EU-27 total	6,713,422	6,416,374	6,189,580	6,105,204	6,021,947	5,956,369	5,884,108	-11.3%	-0.4%

Data source: Member States' notifications in CATS.

I.4. Direct payments expenditure and optional national payments per hectare by Member State in CY2021

- In CY2021, the average support granted per hectare of area declared by farmers (PEA) amounted to **255 EUR/ha**. This amount includes the crop-specific payment for cotton and the optional national “top-ups” (i.e. support that does not qualify as direct payments, namely, the Complementary National Direct Payments (CNDP) for HR and the Transitional National Aid (TNA) for SAPS Member States).
- The average DP/ha (including national “top-ups”) ranges from 722 EUR/ha in MT to 174 EUR/ha in LV.
- The share of various schemes in the total expenditure differs across Member States, reflecting the initial financial allocations (fixed at EU level) and Member States’ policy choices regarding direct payments (including transfers between the two CAP pillars)².
- The basic payment (BPS or SAPS) represents, on average, about 52% of the direct payments expenditure in CY2021 (i.e. without taking into account the national “top-ups”).

Figure 1.2: Direct payments expenditure and optional national “top-ups” per hectare of PEA for CY2021*



Data source: Member States' notifications in AGREX for DP expenditure and in ISAMM for CNDP/TNA and in CATS for PEA.

* These levels do not reflect the actual payments per hectare, notably because the animal-based Voluntary coupled support payments are included in the total amounts divided by the potentially eligible area.

PEA: The "Potentially Eligible Area" corresponds to the total area declared by beneficiaries and potentially eligible for payment (BPS/SAPS + SFS).

TNA: Transitional National Aid. CNDP: Complementary National Direct Payments (HR only, estimation for CY2021 based on the average budget execution rate over the period CY20215-CY2020).

The SFS is financed from the budgetary envelopes of all the other schemes implemented by a given Member State.

These amounts are obtained after the flexibility between the two CAP pillars (transfers from the Direct payments to the Rural development programmes, and vice-versa). The data does not cover the programmes for outermost regions (POSEI), the measures in favour of the smaller Aegean islands nor the reimbursement of financial discipline.

² For more information on the decisions taken by Member States on direct payments, see the document "Direct payments 2017-2022 Decisions taken by Member States": https://agriculture.ec.europa.eu/system/files/2023-05/simplementation-decisions-ms-2022_en.pdf

II. THE BASIC ELIGIBILITY CONDITIONS FOR DIRECT PAYMENTS

- **The basic eligibility conditions for beneficiaries of direct payments are³:**
 - To comply with the so-called "minimum requirements",
 - To be an active farmer,
 - To have agricultural land at their disposal that is used for agricultural activity.
- **Direct payments can only be granted above certain thresholds defined by Member States ("minimum requirements"):**
*Generally, direct payments are not granted where the amount of direct payments would be less than an amount fixed by Member States between EUR 100 and EUR 500 and/or where the claimed eligible area is less than an area ranging from 0.3 hectare to 5 hectares.
Those minimum requirements are meant to avoid an excessive administrative burden resulting from having to manage the payments of small amounts.*
- **Moreover, the applicants must fulfil the condition of *being farmers* (natural or legal person, or a group of natural or legal persons, whose holding is situated within the territory of the EU and who exercises an agricultural activity).**
- **The performance of an agricultural activity is requested on the entire area and in principle every year, and it may consist in producing agricultural products including breeding animals, or in maintaining the land in a state suitable for grazing or cultivation.**
- **Since the 2013 CAP reform, the applicants must also fulfil the conditions of the "active farmer clause". This clause aims at preventing individuals and companies who hold agricultural land from receiving support from the CAP when their agricultural business is only marginal.⁴**
- **Other eligibility conditions are added for specific schemes (e.g. greening, young farmer payment...).**

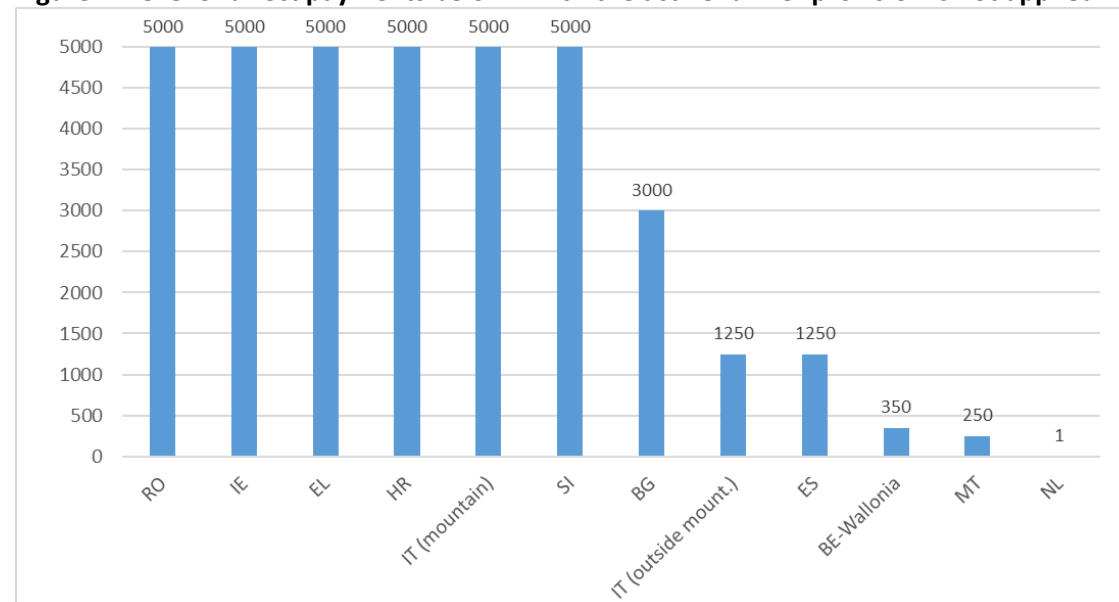
³ For more information on eligibility: https://agriculture.ec.europa.eu/system/files/2019-12/direct-payments-eligibility-conditions_en_0.pdf

⁴ Note that, from 2018, pursuant to the adoption of the "omnibus" Regulation (EU) 2017/2393 of 13 December 2017, some Member States have decided to discontinue the implementation of the negative list under the active farmer clause. For more information on the implementation of the Active Farmer provision, please see the note: https://agriculture.ec.europa.eu/system/files/2018-09/active-farmer-ms-decsions-omnibus-regulation_en_0.pdf Nevertheless, in Member States applying BPS (payment entitlements based system) the discontinuation of the negative list under the active farmer clause does not necessarily enlarge the group of eligible farmers, because the system was set up and most of the payment entitlements were allocated in 2015.

The Active farmer clause

- To avoid providing support to natural or legal persons whose business was not or only marginally targeted at agricultural activity, Article 9 of Regulation (EU) No 1307/2013 has introduced an active farmer clause that allows the exclusion of certain beneficiaries from receiving direct payments.
- The basic element of the active farmer's provision is the **negative list** of businesses (airports, waterworks, real estate services and other entities). Entities operating an activity on the "negative list" are not considered to be "active farmers" unless they can prove that their farming activity is not marginal, using one of the three possibilities defined under Article 9(2) to rebut the negative presumption. The list became optional as from CY2018
- In CY2021, 8 Member States maintained the negative list (BE, BG, IE, ES, HR, MT, RO and SI).
- However, farmers who received less than a certain amount of direct payments in the previous claim year may **de facto** considered to be **active farmers**. This threshold is set by each Member State but may not be higher than EUR 5 000 (see Figure 2). For MS having discontinued the application of the negative list from CY2018 onwards (i.e. no longer applying Article 9(2) of Regulation (EU) No 1307/2013) and not applying Article 9(3) of the aforementioned Regulation, this threshold is no longer relevant.
- Most Member States set the threshold at this maximum, which in a number of cases resulted in exclusion of a significant share of the applicants from the scope of the active farmer provision. For example, by setting the threshold at its maximum, almost all applicants are considered active farmers in RO (without further scrutiny of the active farmers provision), while in SI and EL 60% or more of the claimants are de facto considered active farmers thanks to the exemption threshold.

Figure 2: Level of direct payments below which the active farmer provision is not applied



Data source: Member States' notifications in ISAMM in respect of CY2021.

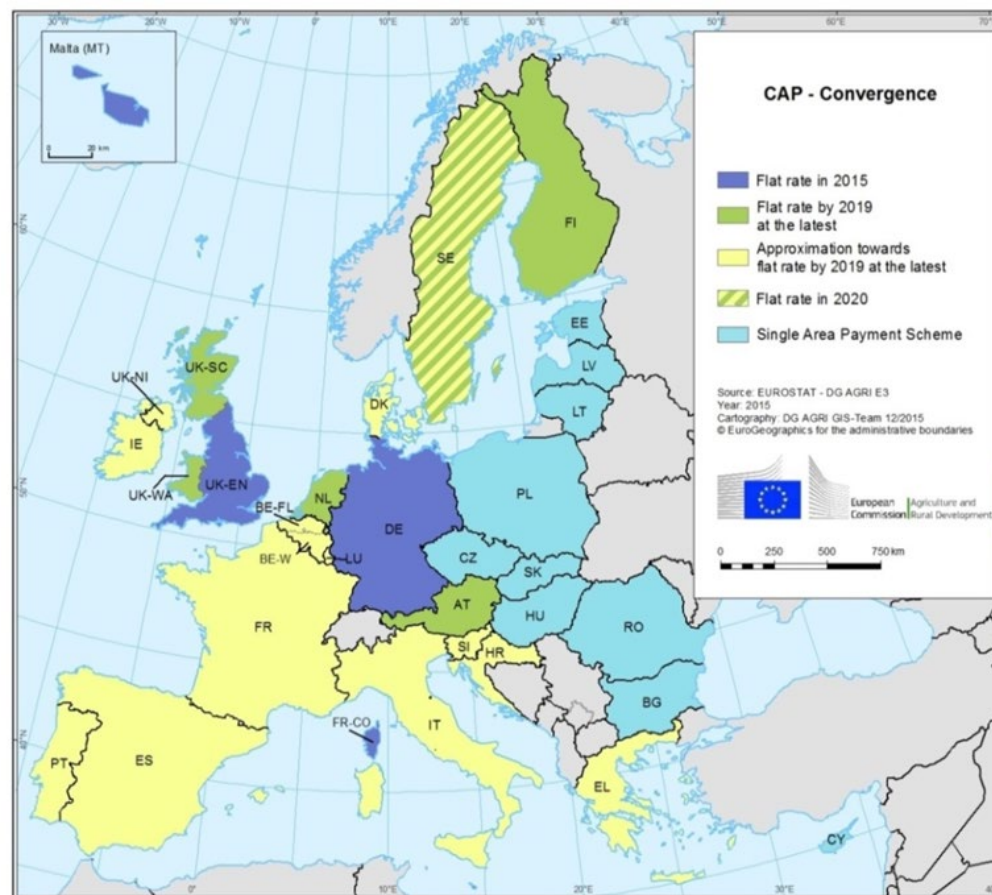
Note: IT, EL and NL continue to apply the active farmer clause under Article 9(3), although they have discontinued the application of Article 9(2) as from CY 2018.

- As from CY 2018, EL and NL have decided to apply the option to consider active farmers only those farmers whose agricultural activity is not insignificant, or whose principal activity or company object consists of exercising an agricultural activity.
- From CY 2018 onwards, IT and RO have been applying the option to consider inactive those farmers who are not registered for their agricultural activity in a national fiscal or social security register.

III. THE BASIC PAYMENT

III.1. The models of basic payment after the 2013 CAP reform

- The basic payment is the basic layer of income support, topped-up by other direct payments targeting specific issues or specific types of beneficiaries. The following map illustrates the model of basic payment and internal convergence chosen by each Member State.
- 17 Member States (BE, DE, DK, IE, EL, ES, FR, HR, IT, LU, MT, NL, AT, PT, SI, FI, and SE) apply the **Basic payment scheme (BPS)** whilst 10 Member States (BG, CZ, EE, CY, LV, LT, HU, PL, RO and SK) keep applying the **Single area payment scheme (SAPS)**, see section III.4 below).
- Under the **BPS**⁵, farmers are allocated payment entitlements (PEs) based on historical references (for the access and, in a number of Member States, also for the unit value of their entitlements). In order to get payments, farmers need to activate those entitlements by declaring an equivalent number of eligible hectares on an annual basis.
- DE, MT and FR-Corsica apply the model of "**flat-rate from 2015**"⁶. In DE, it was initially applied at regional level to end-up with a national flat-rate in 2019.
- NL, AT, and FI have chosen the "**flat-rate in 2019**" model. In FI, it is applied at regional level. SE is applying **flat rate from 2020**.
- BE, DK, IE, EL, ES, FR-Hexagone, HR, IT, LU, PT and SI had been applying a **partial convergence between 2015 and 2019**. EL and ES had been applying it at regional level.
- In the context of the 2021-2022 transitional period which prolonged the post 2015 CAP, ES decided further steps towards internal convergence for 2021 and 2022.



Data source: Member States' notifications in ISAMM, 2015-2022 (the UK policy choices 2015-2019).

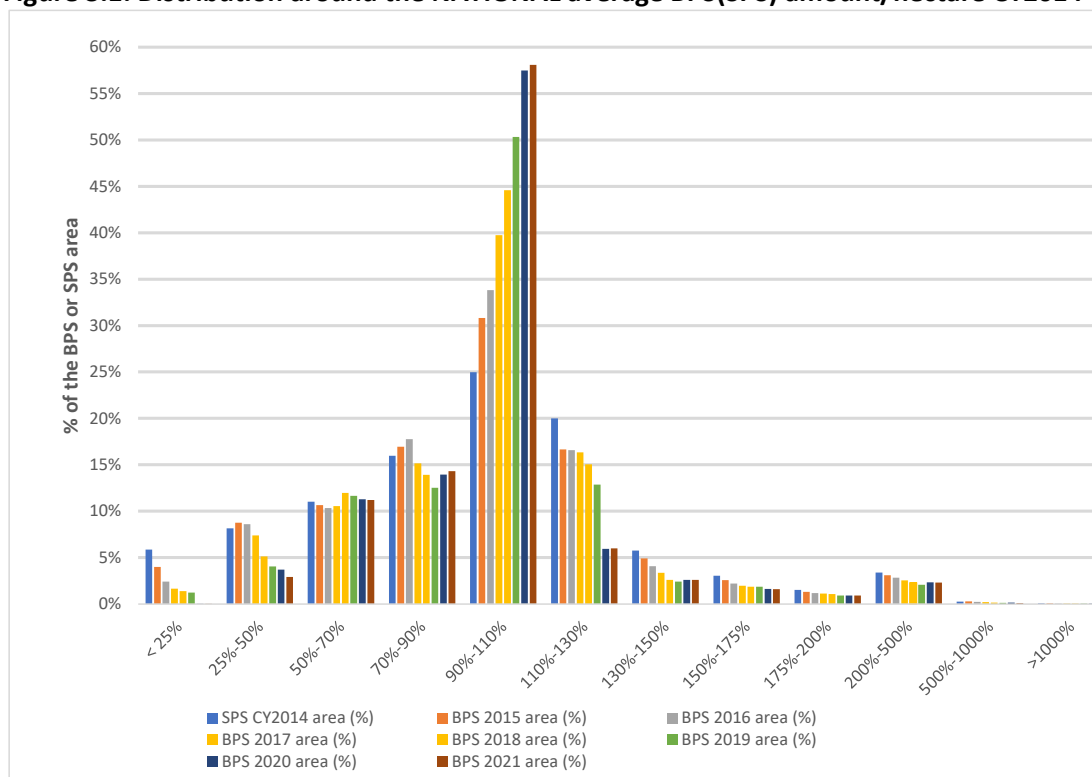
⁵ For more information on BPS, see the document "Direct Payments - BASIC PAYMENT SCHEME" at https://agriculture.ec.europa.eu/system/files/2018-10/basic-payment-scheme_en_0.pdf.

⁶ For more information on the internal convergence, see the document "Direct Payments: the Basic Payment Scheme from 2015. Convergence of the value of payment entitlements ('Internal Convergence')" https://agriculture.ec.europa.eu/system/files/2018-10/internal-convergence_en_0.pdf.

III.2 The Basic payment scheme - The internal convergence

- In the 17 Member States applying the BPS, the 2013 CAP reform has introduced a move away from historical references with a mechanism of convergence of direct payments per hectare ("**internal convergence**") within Member States (see the options taken by Member States in section III.1 above).
- Figure 3.1 shows that the area benefiting from a BPS amount/hectare close to the national average is significantly higher than it was in the year preceding the reform (i.e. CY2014).
- The convergence level is currently increasing (the average amount class went from 31% in 2015 to 58% in 2021). From 2021, the trend is slowing down as continuation of internal convergence during the transitional period (2021 and 2022) is optional. Among the 11 MS still concerned in 2021, only ES decided to pursue towards internal convergence. However, some significant differences in BPS amounts per hectare will remain in the Member States applying the partial convergence.

Figure 3.1: Distribution around the NATIONAL average BPS(SPS) amount/hectare CY2014-CY2021



Data source: DG AGRI based on Member States' notifications in CATS.

SPS: The Single payment scheme (equivalent system as BPS before the 2013 CAP reform).

BPS: The Basic payment scheme.

Note: Figure 3.1 is based on CATS data for financial years (FY) up to FY2021 covering up to CY2020 and sets out the share of area for which the amount determined (before penalties) per hectare represents x% from the estimated national average under SPS in CY2014 or under BPS from CY2015 to CY2020. Due to limitations in the available statistics, these data do not include the population of farmers participating in the SFS (while these farmers were also allocated payment entitlements for their eligible hectares).

Note: The vast majority of Member States concerned has chosen to apply the greening payment as a percentage of the BPS payment. It means that in those Member States, the greening payment will follow the same convergence path as the BPS. DE, FR-Corsica, LU, MT and FI apply the uniform (flat-rate) greening payment per hectare.

III.3. The Basic payment scheme - Allocations from the national/regional reserve

- As a matter of priority, Member States are obliged to allocate payment entitlements (PEs) from the national/regional reserve to **young farmers⁷** and to **farmers commencing their agricultural activity** (so-called "new entrants").
- The reserve may also be used to settle allocations to farmers following a **definitive court ruling** or a **definitive administrative act**.
- Member States may also define additional categories of farmers to be served from the reserve (most typically, farmers in areas with a risk of **land abandonment** or farmers with a **specific disadvantage**)
- Entitlements from the reserve are allocated per eligible hectare and at the **national/regional average value** of entitlements in the Member States in the respective year. Member States may opt both for allocating new entitlements and for increasing the value of the existing entitlements up to the national/regional average for certain categories of farmers.

- In CY2021, around 53 000 farmers entered the BPS via the reserve (representing nearly 1.8% of all BPS beneficiaries, compared to 3.2% in CY2015, 1% in CY2016, 1.6% in CY2017, 1.2% in CY2018, 1.3% in CY2019 and 1.4% in CY2020) of which 27 174 are young farmers.

- The highest shares of young farmers among the farmers "entering" the BPS via the reserve, going beyond 70%, are found in BE, ES, LU and IE.

Table 3: Number of farmers and number of hectares "entering" the BPS via the reserve (CY2020)

MS/REGION	Total number of farmers entering the system because of the reserve in claim year 2021	Total determined area covered by NEW PE allocated from the reserve in claim year 2021	Share of farmers entering via the reserve (compared to total BPS)	Share of area entering via the reserve (compared to total BPS)
BE Flanders	42	139 254	0.2%	0.2%
BE Wallonia	12	52 509	0.1%	0.1%
DK	76	145 205	0.2%	0.1%
DE	1 511	2 566 405	0.5%	0.2%
IE	281	1 739 800	0.2%	0.4%
EL	28 744	17 752 784	5.6%	4.6%
ES	1 190	12 904 756	0.2%	0.7%
FR - Corse	57	284 844	0.02%	0.01%
FR - Hexagone	2 337	11 901 717	0.8%	0.5%
HR	4 218	4 018 683	4.4%	3.7%
IT	12 585	16 968 720	1.9%	1.8%
LU	10	11 745	0.6%	0.1%
MT	0	0		
NL	72	169 482	0.2%	0.1%
AT	451	405 150	0.5%	0.2%
PT	695	4 616 353	0.7%	1.7%
SI	280	172 145	0.5%	0.4%
FI	41	272 639	0.1%	0.1%
SE	491	1 049 400	0.9%	0.4%
Total	53 093	75 171 591	1.8%	0.8%

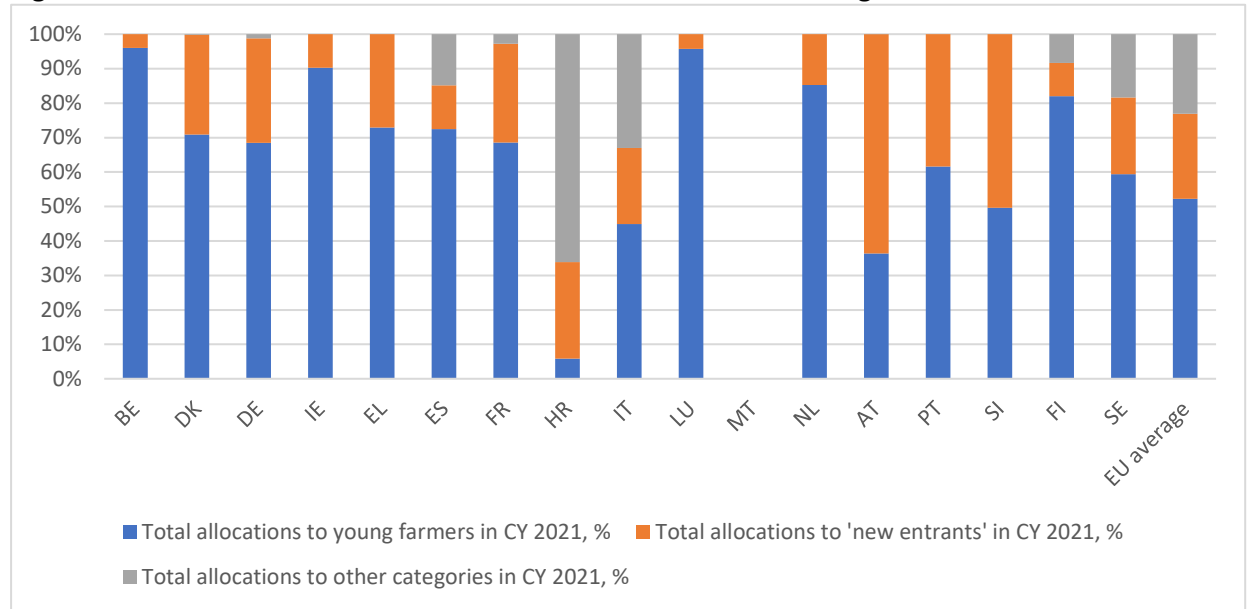
Data source: Member States' notifications in ISAMM and CATS. IT data includes also BPS framers supported by the reserve to increase the value of their entitlements up to average.

⁷ "Young farmers" are defined as farmers eligible for the payment for young farmers (see section VI below).

- Taking into account all allocations from the reserve, the **share of allocations**⁸ in CY2021 in terms of amounts allocated consists of:
 - 52% to young farmers,
 - 25% to "new entrants",
 - 23% to the other categories of farmers; i.e. "risk of land abandonment" and "specific disadvantage" (defined pursuant to Article 30(7)(a) and (b) of Regulation (EU) N° 1307/2013), or to linearly increase the value of all PEs (pursuant to Article 30(7)(e)).

- For instance, in HR where the majority of allocations belongs to the other categories, 49% of allocations are for farmers to prevent land from being abandoned (Article 30(7)(a)), 17% for farmers with a specific disadvantage (Article 30(7)(b)), 28% to new entrants and around 6 % for young farmers.

Figure 3.2: Share of allocations from the reserve for the different categories of farmers



Data source: Member States' notifications in ISAMM. Allocations to "new entrants" correspond to allocations to farmers commencing their agricultural activity (i.e. one of the obligatory categories along young farmers). UK data non available.

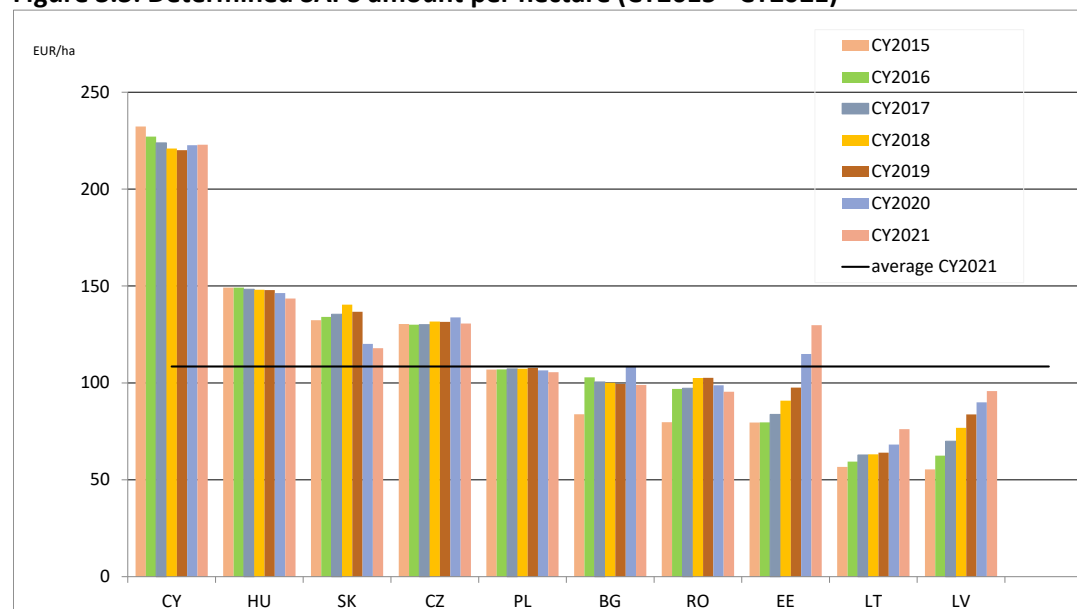
⁸ This includes the allocations of new entitlements and the increase of value of the existing entitlements. In some cases, Member States provided the information cumulatively from 2015, while most of the Member States provided information in respect of amounts for which allocation was claimed in the year 2021.

III.4. The Single Area Payment Scheme (SAPS)

- The **Single area payment scheme (SAPS)** has been implemented by ten Member States applying SAPS since CY2014: BG, CZ, EE, CY, LV, LT, HU, PL, RO and SK.
- The SAPS is a **flat-rate payment** calculated annually taking into account the annual financial envelope for SAPS and the total number of eligible hectares declared by farmers in the claim year. Similarly to the BPS, the SAPS is a decoupled payment (the type of agricultural activity exercised or the agricultural sector a farmer is active in has no impact on the eligibility and on the level of SAPS support).

- Regarding the total area determined and the total number of farmers supported under the SAPS, see sections I.2 and I.3 above.
- On average, the determined SAPS amount is **EUR 108.5** per hectare in CY2021, up from 102.5 EUR per hectare in CY2015 (+6%), reflecting the impact of the external convergence.
- However, differences persist across Member States: EE, CY, HU, SK and CZ are granting amounts per hectare above the average of SAPS Member States, while the level of SAPS support in LT and LV remains significantly below that average. Such disparity in level of payment per hectare can be explained by the differences in the proportion between the financial envelope and the agricultural area, the chosen flexibility towards (or from) rural development leading to slight differences and by the Member States' policy choices for other direct payment schemes.
- For example, LT applies a relatively high redistributive payment (72€ for the first 30 hectares a farmer declares) and consequently its SAPS envelope is relatively lower than what it would otherwise have been.

Figure 3.3: Determined SAPS amount per hectare (CY2015 - CY2021)



Data source: Member States' notifications in CATS.

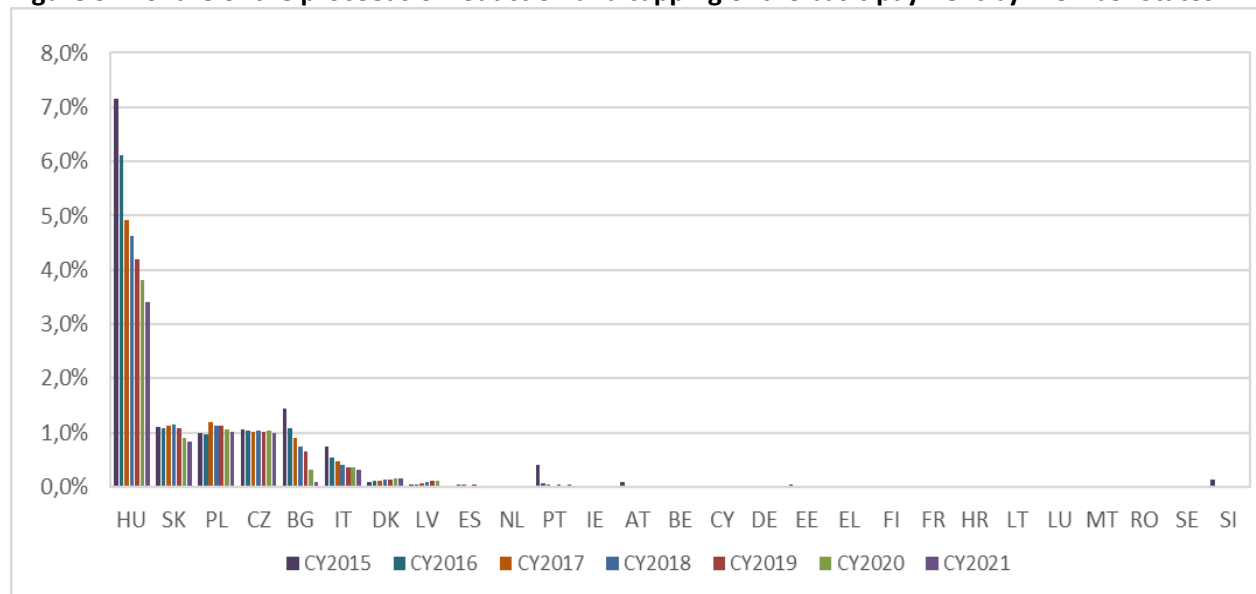
NB: Determined SAPS amount per hectare is calculated by dividing the total amount determined under the SAPS (before penalties) by the total number of hectares determined under the SAPS. It corresponds to the payments to be made under the SAPS, and does not include the amounts or hectares determined under the SFS.

III.5. The reduction of payments and capping of basic payment

- The **reduction of payments** applies only to the basic payment (and not to the total direct payments): 5% reduction shall be applied to amounts from EUR 150.000 of BPS/SAPS, with the possibility to deduct salaries from the amount of basic payment before applying the reduction.
- Higher reductions and **capping** (= 100% reduction) can be implemented but are not compulsory⁹.
- Member States applying the redistributive payment with more than 5% of the national ceiling allocated to the scheme may decide not to apply the mechanism (BE-Wallonia, BG, DE, FR, HR, LT, PL, PT¹⁰ and RO).

- In CY2021, the proceeds of the reduction and capping amounted to EUR almost 50 million, representing 0.26% of the basic payment expenditure (down from EUR 55 million, and 0.29%, in CY2020).
- The amount of funds reduced from the basic income support to large beneficiaries has remained generally low with the exception of HU (see Figure 3.4), where the proceeds of reduction and capping accounted for 3.4% of the SAPS envelope in CY2021. Yet, this share has been on a downward trend since CY2015 – a phenomenon that has also been observed in BG and IT.
- The gradual decline in the share of the proceeds of the reduction and capping in the basic payment between CY2015 and CY2021 can be explained, inter alia, by a decrease in the number of large beneficiaries who have been subject to capping (HU) and possibly by the internal convergence process in BPS Member States (IT), thus decreasing the value of high-valued payment entitlements.

Figure 3.4: Share of the proceeds of reduction and capping of the basic payment by Member States



Data source: Member States' notifications in AGREX.

IV. TRANSITIONAL NATIONAL AID

⁹ For more information on the reduction of payments and capping, see the document "Direct Payments: Financial mechanisms in the new system" at: https://agriculture.ec.europa.eu/system/files/2018-10/direct-payments-financial-mechanisms-jun2016_en_0.pdf

¹⁰ While BG, PL and PT uses more than 5% of its direct payments envelope for the redistributive payment, it did not opt for an exemption from the reduction of payments.

- The **Transitional national aid (TNA)** is **not an EU direct payment**: it is a successor of the complementary national direct payments (CNDPs) introduced in the Accession Treaties of the Member States joining the EU from 2004 onwards.
- The TNA can be granted only by SAPS Member States and this support is **100% financed by the national budget**. For CY2021, the TNA was paid in all SAPS Member States, except for LV and EE (see table 4).
- The TNA is aimed at supporting certain sectors for which similar support was granted in the past (in case of BG and RO, this past reference is the CNDPs granted in CY2013; in the other SAPS Member States, it is the TNA granted in CY2013).
- The reason why TNA have been maintained after completion of the phasing-in mechanism is to avoid a sudden and substantial decrease of income for certain sectors. However, the level of support available under the TNA is to be steadily decreased annually (for 2021, the level of TNA compared to 2013 was 50%, same as in 2020).
- In total, eight SAPS Member States decided to implement TNA through a maximum envelope of EUR 439 million in CY 2021 (15% of this amount is coupled support). In addition, for the eight SAPS Member States, the implementation data shows that EUR 407 million was actually paid (16% of this amount is paid as coupled support). Compared to CY2020, the total amount actually paid significantly increased (EUR 260 million paid in CY2020) but within the limits of the maximum level allowed to be paid established by the transitional Regulation 2020/2220.

Table 4: Decisions on TNA and implementation data on payments and beneficiaries

MS	Sectors	Number of beneficiaries (N° of eligible farmers to whom TNA was granted)	Amount of TNA granted (total payments made, EUR)	execution rate= amount paid/amount decided
Bulgaria	Bovine animals	3 744	16 320 970	100%
	Sheep and goat (coupled)	5 573	11 777 530	86%
	Tobacco	38 778	35 914 580	89%
Czech Republic	Decoupled area payment	24 444	16581940	99%
	Hops	116	698630	99%
	Potato starch	165	1107430	99%
	Ruminants	7 602	2470590	100%
	Sheep and goat (coupled)	2 611	32710	98%
	Suckler cows (coupled)	7 532	646960	100%
	Cyprus	Bananas	211	87 650
Lithuania	Bulls 1	13 003	7 793 230	66%
	Ewe (coupled)	1 084	116 980	99%
	Milk	16 626	12 245 580	99%
	Protein crops	4 134	940 310	88%
	Suckler cows (decoupled)	7 329	2 828 280	48%
Hungary	Beef (decoupled)	5 968	5 500 110	58%
	Cattle extensification (decoupled)	1 674	4 595 490	66%
	Ewe (coupled)	6 570	37 180	70%
	Ewe (decoupled)	537	1 060 910	101%
	Milk	3 784	26 988 490	100%
	Suckler cows (coupled)	6 101	5 981 860	86%
	Tobacco (Burley) - decoupled	530	672 420	35%
	Tobacco (Virginia) - decoupled	317	4 483 920	81%
Poland	Tobacco (group I - Virginia)	7 710	14 973 000	97%
	Tobacco (group of varieties II,III,IV)	5 093	8 171 000	94%
Romania	Beef and veal (decoupled)	114 951	76 875 040	99%
	Decoupled area payment	581 286	84 539 800	99%
	Decoupled payment for dairy	41 376	17 999 220	97%
	Decoupled sugar beet payment	454	1 504 800	99%
	Flax and hemp (decoupled)	5	1 700	31%
	Hops	4	80 380	96%
	Sheep and goat (coupled)	39 973	38 441 580	98%
	Tobacco (decoupled)	173	1 596 050	44%
Slovakia	Sheep and goat (coupled)	1 285	1 605 250	77%
	Suckler cows (coupled)	1 544	1 932 410	98%

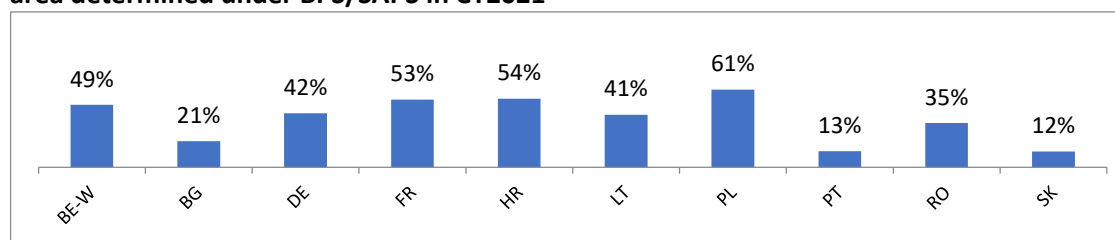
Data source: Member States' notifications in ISAMM.

V. THE REDISTRIBUTIVE PAYMENT

- In CY2021, the **Redistributive payment (RP)** is implemented by ten Member States: BE-Wallonia, BG, DE, FR, HR, LT, PL, PT, SK and RO. REDIS is implemented for the first time in SK.
- The financial expenditure to the scheme goes from 2.6% (RO) to 15.1% (LT) of the Member States total direct payments.
- It **aims at enhancing income support for smaller farmers** by granting an extra payment per hectare for the first hectares below a certain limit¹¹.

- In Member States applying the RP, all farmers eligible for BPS/SAPS may receive the RP. However, beneficiaries only receive this payment up to a certain number of hectares per holding. As a result, only a part of the BPS/SAPS area benefits from this payment creating a redistributive effect.
- The farmers participating in the SFS scheme (see section VIII below) have the redistributive payment component included in the calculation of the SFS payment.
- As shown in Figure 5.1, in most of these Member States the RP is paid for approximately 45% of the basic payment area (incl. the SFS area), except for PT and BG (13% and 21%). The latter can be explained by the fact that PT grants redistributive payment are focused for the first 5 hectares. To be noted that PL does not grant redistributive payment for the first 3 hectares and supports only the first 3.01 to 30 hectares. RO and DE use, also, ranges to modulate the redistribution.

Figure 5.1: Share of the area determined under the RP (incl. SFS) in comparison to the total area determined under BPS/SAPS in CY2021



Data source: Member States' notifications in CATS and ISAMM.

¹¹ For more information on the redistributive payment: https://agriculture.ec.europa.eu/system/files/2018-10/ds-dp-redistributive-payment_en_0.pdf.

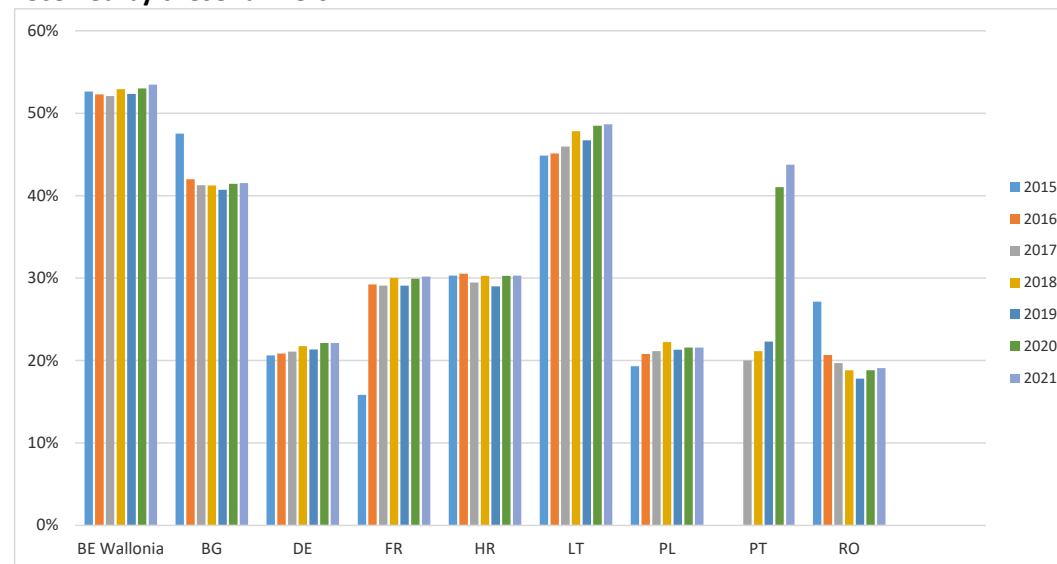
- As regards the RP unit rate, Member States could fix an amount up to 65% of the average national/regional direct payment per hectare.
- The actual percentage went from 0% for the first range in PL to 55% in PT.
- Figure 5.2 shows that the redistributive payment represents a significant share of the total decoupled direct payments received by the eligible farmers. In CY2021, this share ranged from around 20% for PL, DE and RO to more than 40% for BE-W, BG, LT and PT which increases significantly its unit rate in 2020. Data is not yet available for SK.
- In CY2021, the actual unit rates per hectare were as follows:

Table 5: Unit rate chosen by MS/region (CY 2021)

MS	threshold / tranche	Unit rate CY2021
BE-W	0 - 30ha	125
BG	0 - 30ha	70
DE	0 - 30ha	50
DE	30.01 - 46ha	30
FR	0 - 52ha	49
HR	0 - 20ha	67
LT	0 - 30ha	72
PL	0 - 3ha	0
PL	3.01 - 30ha	40
PT	0 - 5 ha	124
RO	0 - 5 ha	5
RO	5.01 - 30 ha	48
SK	0 - 28 ha	49

Data source: Member States' notifications in CATS and ISAMM.

Figure 5.2: Share of the redistributive payment to farmers with holdings up to the area limit set by Member States compared to the total decoupled direct payments received by these farmers



Data source: Member States' notifications in CATS.

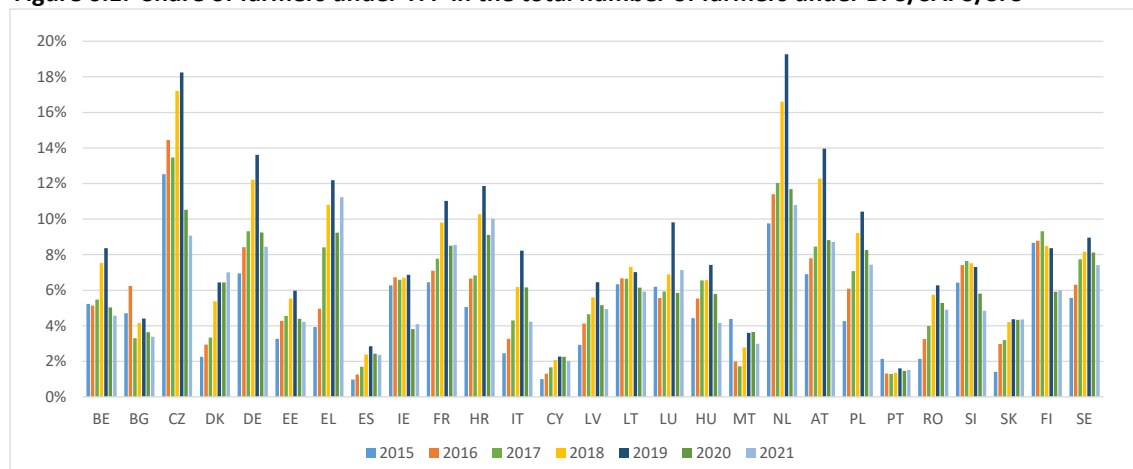
Note: It concerns only farmers admissible for receiving the redistributive support and it does not include farmers participating in the SFS. Total decoupled direct payments includes the basic payment, and where relevant, payment for young farmers.

VI. THE YOUNG FARMER PAYMENT

- The **Young farmer payment (YFP)** targets farmers of no more than **40 years of age** who are setting up for the first time an agricultural holding as head of the holding, or who have already set up such a holding during the five years preceding the first application to the YFP.
- The scheme is **compulsory** for all Member States¹².
- The payment, additional to other direct payments is limited to a maximum period of **5 years**. Following the amendments in Article 50 of Regulation (EU) 1307/2013, as from CY2018 the payment for young farmers shall be granted for a period of 5 years as long as the young farmer applies for the payment within the 5 years following his/her first setting up. In practical terms this means that the number of years elapsed between the first setting up and the first application for the young farmer payment will be no longer deducted.

- In CY2021, about 366 000 young farmers, representing 6.3% of the BPS/SAPS/SFS applicants, benefited from the YFP in the EU-27 Member States (see Figure 6.1)¹³. This is a decrease of 5.5% (or 0.3 percentage points) compared to CY2020, but an increase of 29% compared to CY2015 (see Figure 6.2).
- In CY2021, the share of beneficiaries under the YFP was the highest in EL (11.2%), followed by NL (10.8%), HR (10%) and CZ (9.1%). The lowest shares have been observed in PT (1.5%), CY (2%) and ES (2.4%).
- The downward trend continued in CY2021 in most Member States. In CY2021, 35 381 young farmers received allocations from the reserve either in the form of new payment entitlements or an increase in the value of their existing payment entitlements in BPS Member States.

Figure 6.1: Share of farmers under YFP in the total number of farmers under BPS/SAPS/SFS



Data source: MS notifications in CATS.

Note: Due to lack of data for CY2015, the number of young farmer beneficiaries under the Small Farmer Scheme is assumed to be equal to that of CY2016. This might potentially lead to a slight underestimation for some MS.

¹² For more information on the YFP: https://agriculture.ec.europa.eu/system/files/2018-10/young-farmer-payment_en_0.pdf

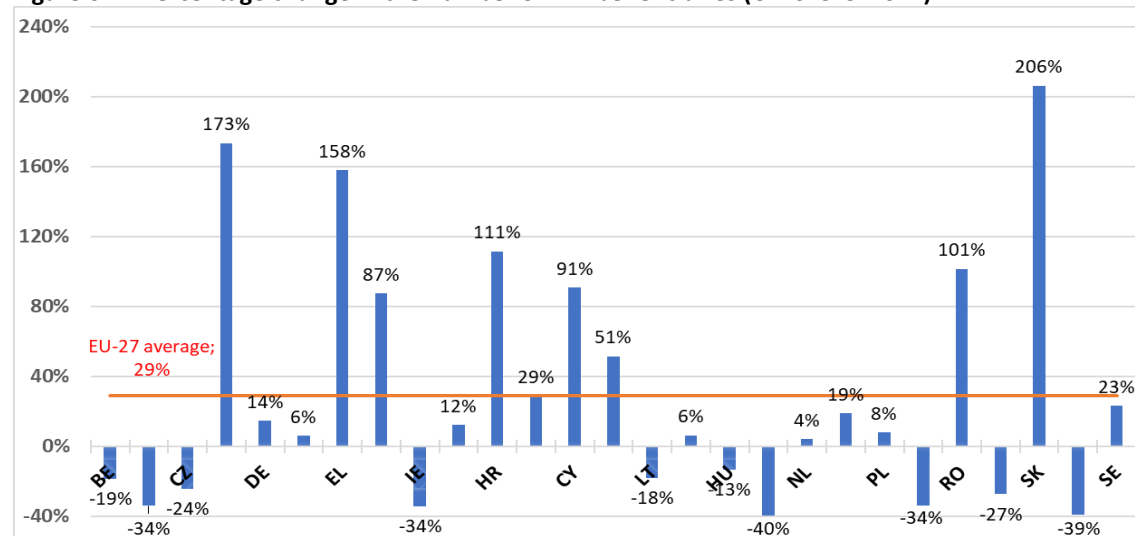
¹³ The total number of YFP beneficiaries includes the beneficiaries of the SFS who would have benefitted from the YFP had they not opted for the SFS. This data does not exist for CY2015; therefore, the conservative assumption is that the number of young beneficiaries under SFS who would have benefitted from YFP in CY2015 was equal the number for CY2016. For some MS this may be a slight underestimate.

- The calculation of the YFP can be based on the number of payment entitlements¹⁴ or number of hectares (up to a maximum established by the MS between 25 and 90 hectares) held by a young farmer. In BPS (SAPS) Member States, the YFP is calculated as the number of payment entitlements (hectares) multiplied by a fixed percentage. Since 2018, after the entry into force of the “Omnibus regulation”, Member States can set this percentage between 25% and 50% of:
 - the average value of entitlements held by a farmer¹⁵; or
 - the basic payment (or 25-50 % of the SAPS where applicable); or
 - the national average payment per hectare.

Alternatively, it can be an annual lump-sum payment irrespective of the size of the holding, representing 25-50 % of the national average payment per hectare multiplied by the average farm size of agricultural holdings of young farmers. The payment cannot exceed the total basic payment that the holding has received in any given year.

- Due to the above-mentioned modifications, the total amount of the "top-up" payment for young farmers has increased in CY2021 (compared to CY2015) and amounted to about EUR 469 million (about 1.27% of Annex II of Regulation 1307/2013 after applying the flexibility between the two CAP pillars)¹⁶.
- The share of the YFP in the total direct payments has increased from 0.8% in CY2015 to 1.27% in CY2021. In CY2021, the budgetary outcome did not exceed the estimations from Member States' notifications, same as in CY2020. Only 7

Figure 6.2 : Percentage change in the number of YFP beneficiaries (CY2015-CY2021)



Data source: European Commission calculations based on Member States' notifications in CATS.

Note: Due to lack of data for CY2015, the number of young farmer beneficiaries under the Small Farmer Scheme is assumed to equal that of CY2016, which may be a slight underestimate for some MS

Figure 6.3 : Young farmer payment expenditure as a share of the total direct payments (CY2021)

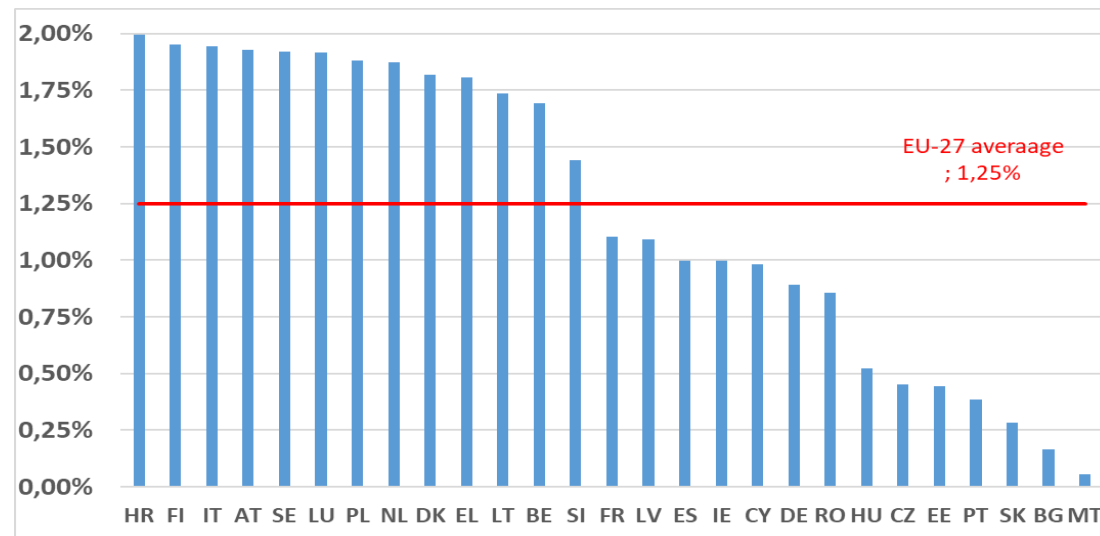
¹⁴ For BPS MS, generally, one payment entitlement corresponds to one hectare.

¹⁵ “Omnibus Regulation” also enabled Member States to increase the multiplier used in the YFP calculation methods, defined under Article 50(6) to (8) and (10) of Regulation (EU) No 1307/2013, from 25% up to 50%.

¹⁶ It is not possible to disaggregate the data on the amounts that the young beneficiaries of the SFS received who would have benefitted from the YFP had they not opted for the SFS; therefore, these amounts are not included.

Member States spent more than initially notified, with significant surpluses noted in FI, PL, LT and LU. To be noted that the YFP is a mandatory scheme and consequently underestimation might be partly driven by willingness to avoid creating unspent funds.

- Figure 6.3 shows how far each Member State is from the maximum 2% ceiling for the Young Farmer Payment. 12 out of 27 Member States spent more than 1.5% of their direct payment budgetary envelope on this scheme. Although this share has increased over the period CY2015-CY2020 in the majority of Member States, in CY2021 a visible decline started to be observed. HU, CZ, EE, PT, SK, BG and MT spent about 0.5%, or less, of their respective direct payments envelopes on the YFP.
- At the EU level, spending under the Young Farmer Payment, expressed as a share of the direct payments envelope, decreased from 1.41% in CY2019 to 1.25% in CY2021, as compared to the ceiling of 2%. In nominal terms, the amount of funds spent under the YFP has risen by 24% between CY2017-CY2021, in particular, as a result of the flexibility provided for in the Omnibus Regulation¹⁷. Over the period CY2015-CY2021, the increase in the YFP stood at almost 48%.

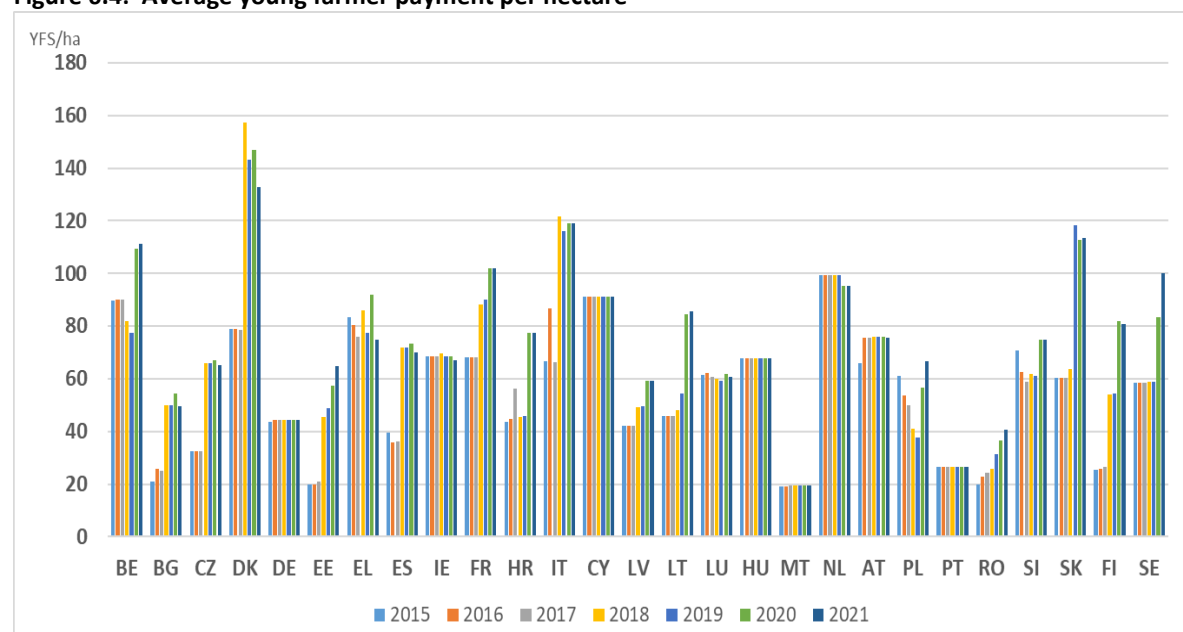


Source: Member States reporting to AGREX.

¹⁷ Two possibilities: to increase the percentage of the top-up applied to calculate the amount of the payment for young farmers in the range of 25% to 50% and/or, where relevant, to increase the maximum number of hectares supported to the maximum of 90 hectares allowed under Article 50(9) of Regulation 1307/2013.

- In CY 2021, the average YFP per hectare ranged between 20 EUR/ha in MT to 133 EUR/ha in DK (see Figure 6.4). The average YFP per hectare stood at over 75 EUR/ha at the EU level.
- The average YFP per hectare has remained broadly stable in 8 out of 27 Member States over the period CY2015-CY2021. Interestingly, following the aforementioned modifications adopted at the end of 2017, the YFP per hectare has more than doubled in EE, BG, FI and CZ, albeit from a relatively low levels. The largest increases, in absolute value, were observed in DK, FI, IT and SK (respectively, +54, +54, +53 and +53 EUR/ha between CY2017 and CY2021). On the contrary, the average payment per hectare slightly declined in some MS over the period CY2017-CY2021, the most significant one being in NL. This can be explained by several factors, including the dynamics in the number of applicants and the corresponding agricultural area, the calculation method applied by the Member States and the effects of external convergence.

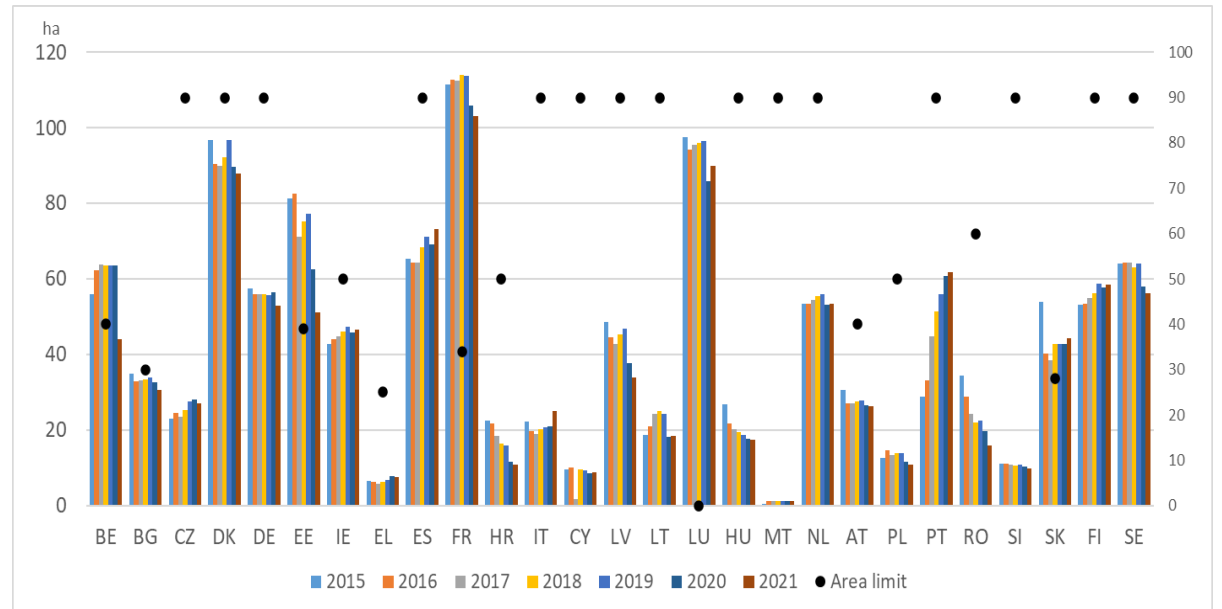
Figure 6.4: Average young farmer payment per hectare



Data source: DG AGRI estimates based on Member States' notifications in CATS and AGREX.

- Member States that implement the YFP in the form of payment per eligible hectare/activated payment entitlement (all MS except LU which applies a lump-sum payment), the YFP can only be granted up to a certain limit in terms of hectares/payment entitlements. This limit cannot be below 25 and above 90.
- As depicted in Figure 6.5, most Member States set the area limit at the maximum allowed, i.e. 90 hectares.
- In some Member States, it has been decided to set the area limit at a level well below 90 hectares allowed (and even below the average farm size of young farmers –BE, FR, EE and SK).

Figure 6.5: Average determined BPS/SAPS area of young farmers and the YFP area limit



Data source: Member States' notifications in CATS and ISAMM.

Note: LU is the only Member State that decided to grant a lump-sum payment to young farmers based on Article 50(10) of Regulation No 1307/2013. The "area limit" does not apply. The area of young beneficiaries of the SFS who would have benefitted from the YFP had they not opted for the SFS is not included.

VII. THE VOLUNTARY COUPLED SUPPORT

- Member States may use up to a certain percentage of their annual national ceiling for direct payments to finance the **Voluntary coupled support (VCS)**¹⁸.
- The support may only be granted to certain **sectors** or **regions** where specific types of farming or specific agricultural sectors that are particularly important for economic, social or environmental reasons undergo certain **difficulties**. Furthermore, it may only be granted in compliance with the **"production limiting"** character of the support.
- All EU Member States decided to implement VCS in CY2021, except Germany.

VII.1 Sectors supported by VCS

EU Member States implemented 260 VCS measures in CY2021 covering in total 18 sectors. The number of measures applied increased by 1 (sheep and goat in SI) and the number of sectors covered remained unchanged compared to CY 2020¹⁹. Table 7.1 provides an overview of sectors targeted via VCS measures by EU Member States in CY 2021. In particular, it shows: :

- beef and veal sector: support granted in 23 Member States or regions²⁰ under 52 measures for approximately 15.9 million animals;
- sheep and goat meat sector: 21 Member States granted support under 36 measures for approximately 32.8 million animals;
- fruit and vegetables sector: 19 Member States granted support under 54 measures, for approximately 0.49 million hectares;
- milk and milk products sector: 19 Member States granted support under 32 measures,

Table 7.1: Number of sectors covered per Member States in CY2021

	BE/F	BE/W	BG	CZ	DK	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	Count
Beef and veal	√	√	√	√	√			√	√	√	√	√		√	√		√	√	√	√	√	√	√	√	√	√	√	23
Sheepmeat and goatmeat		√	√	√		√		√	√	√	√	√		√	√		√	√	√	√	√	√	√	√	√	√	√	21
Fruit and vegetables			√	√		√		√	√	√	√	√	√	√	√		√	√		√	√	√	√	√	√	√	√	19
Milk and milk products		√	√	√		√			√	√	√	√	√	√	√		√	√		√	√	√			√	√		18
Protein crops			√	√			√	√	√	√	√	√		√	√	√	√			√		√			√	√		16
Sugar beet				√				√	√		√	√			√		√				√		√		√	√		11
Cereals								√		√		√		√	√										√	√		7
Rice								√	√	√		√					√					√	√					7
Hops				√						√											√		√		√			5
Seeds								√	√					√	√								√					5
Starch potato				√					√					√							√					√		5
Hemp									√												√		√					3
Grain legumes									√														√					2
Nuts								√	√																			2
Silkworms								√															√					2
Flax																					√							1
Milk and milk products - regional																								√				1
Oilseeds														√														1
Olive oil												√																1

Data source: Implementation reports by Member States in CATS.

Note: BE-Flanders (BE/F), BE-Wallonia (BE/W).

¹⁸ For more information on the VCS: https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/income-support/additional-optional-schemes/voluntary-coupled-support_en

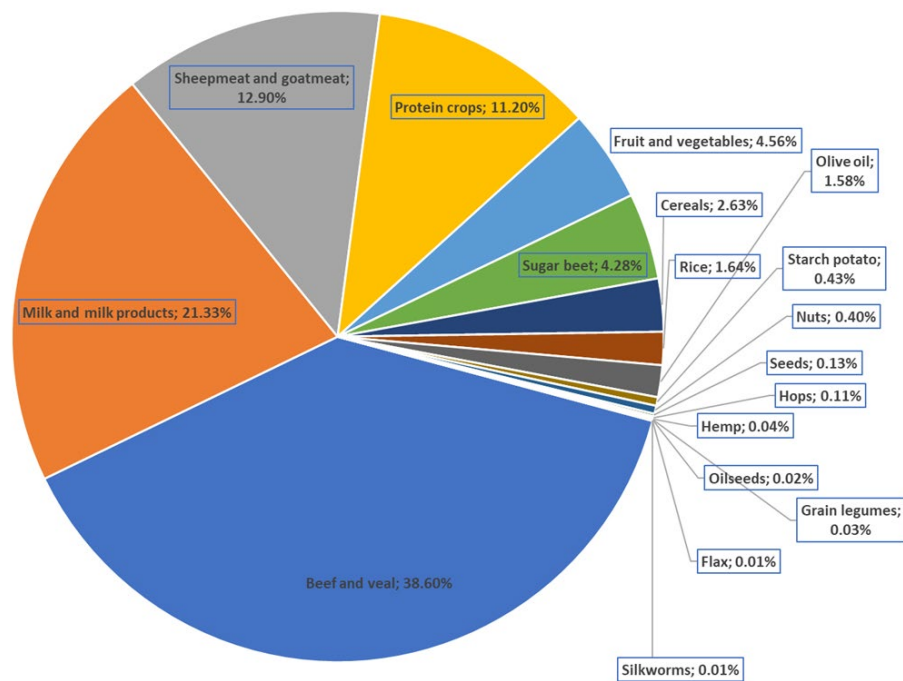
¹⁹ Estonia implemented a new VCS measure for milk sector in CY2020.

²⁰ Agricultural policy is regionalised in Belgium, with Flanders and Wallonia submitting their respective implementation reports separately.

for approximately 8.2 million animals;

- protein crops/grain legumes (also including soy bean): 16 Member States granted support under 30 measures, for approximately 5.1 million hectares;
- sugar beet: 11 Member States granted support under 12 measures, for approximately 0.45 million hectares;
- Cereals: 7 Member States granted support under 7 measures, for approximately 1,6 million hectares;
- the remaining 10 smaller sectors cover the 37 measures left, for approximately 1,7 million hectares in total;
- no MS granted coupled support to dried fodder, short rotation coppice and cane & chicory.

Figure 7: Distribution of VCS payments across sectors in CY2021 (in %)



Data source: Implementation reports by Member States in CATS.

VII.2 Financial execution

From the EUR 4.19 billion allocated to VCS in CY2021, the payments (after controls) amounted to EUR 4.07 billion²¹, which corresponds to an execution rate of slightly above 97%.

The distribution of VCS payments across sectors (Figure 7 and Table 7.2) has remained relatively stable since CY2015.

In CY2021, these shares were as follows:

- 38.6% is targeted to the beef and veal sector (EUR 1 570 million);
- 21.3% to the milk and milk products sector (EUR 872 million);

²¹ Only includes those payments that were declared to the Commission by the end of financial year 2021.

- 12.9% to sheep and goat meat sector (EUR 525 million);
- 11.2% to protein crops/grain legumes (EUR 456 million);
- The remaining 16.0% of the total VCS envelope (some EUR 645 million) is allocated to the other 13 sectors (excluding dried fodder, short rotation coppice and cane & chicory – i.e. the only three eligible sectors under VCS to which no Member State granted any support).

Table 7.2: VCS payments per Member States and per sector CY2021 (in million EUR)

	BE-F	BE-W	BG	CZ	DK	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	Total
Beef and veal	25.0	53.1	13.4	24.5	32.8			37.2	219.5	596.1	17.3	76.2		7.0	21.4		38.4	0.5	0.5	10.6	169.1	65.6	13.0	3.5	7.9	49.5	88.5	1570.4
Milk and milk products		3.1	33.6	50.5		5.6			91.1	123.2	18.4	81.9	3.6	23.1	35.9		66.9	1.5			151.2	15.0	100.4	4.1	30.4	32.2		871.7
Sheepmeat and goatmeat		0.6	13.8	2.8		0.5		54.2	161.1	123.6	4.3	11.1		0.7	2.7		21.3	0.1	1.2	0.7	4.7	42.0	70.7	1.8	4.3	2.6		524.9
Protein crops			16.4	16.7			2.9	34.9	43.0	133.0	5.7	31.5		6.0	13.2	0.2	26.0				63.0		45.7		8.3	9.0		455.6
Fruit and vegetables			41.5	8.9		0.5		20.0	6.2	13.5	1.9	9.7	0.3	3.1	6.4		33.2	0.9			11.4	4.6	16.6	1.5	4.3	1.2		185.7
Sugar beet				16.3				0.3	16.3		3.9	21.4			1.8		7.8				81.4		15.9		7.3	1.5		173.9
Cereals								11.4		6.1		75.4		3.0	3.4									6.1		1.5		106.9
Rice								7.4	11.7	1.9		32.6					1.9					7.2	4.1					66.8
Olive oil												64.3																64.3
Starch potato				3.1						1.7					0.2						8.6					3.7		17.3
Nuts								3.6	12.8																			16.3
Seeds								2.8		0.4				1.2	0.1								0.8					5.3
Hops				3.1						0.3												0.8		0.1		0.0		4.4
Hemp										1.5												0.1		0.1				1.7
Grain legumes									0.9														0.4					1.4
Oilseeds														0.7														0.7
Flax																						0.5						0.5
Silkworms								0.5															0.0					0.5
Grand total	25.0	56.9	118.8	125.9	32.8	6.7	2.9	172.2	562.7	1001.3	51.6	404.0	3.8	45.2	84.8	0.2	195.4	3.0	1.7	11.3	490.9	134.4	267.9	17.0	62.5	101.1	88.5	4068.3

Data source: Implementation reports by Member States in CATS.

Note: BE-Flanders (BE-F), BE-Wallonia (BE-W).

VII.3 Total number of beneficiaries

In CY2021, the total number of VCS beneficiaries stood at 2.37 million, which shows only very limited fluctuation since CY2015^{22,23}. This also applies at the level of the total number of beneficiaries of the animal-based measures (1.073 million in CY2021) and the area-based measures (1.297 million in CY2021).

VII.4. Total number of hectares and animals paid

The total number of hectares paid somewhat increased from 9.12 million in CY2020 to 9.32 million in CY2021. Over the same period, the total number of animals paid marginally decreased, from 57.32 million to 57.00 million heads.

²² The number of VCS beneficiaries (i.e. farmers that submitted a claim for VCS and the latter met eligibility conditions) amounted, after rounding, to 2.47 million in CY2015, 2.30 million in CY2016, 2.42 million in CY2017, 2.40 million in CY2018, 2.39 million in CY2019 and 2.37 million both in CY 2020 (already without the UK) and in CY2021.

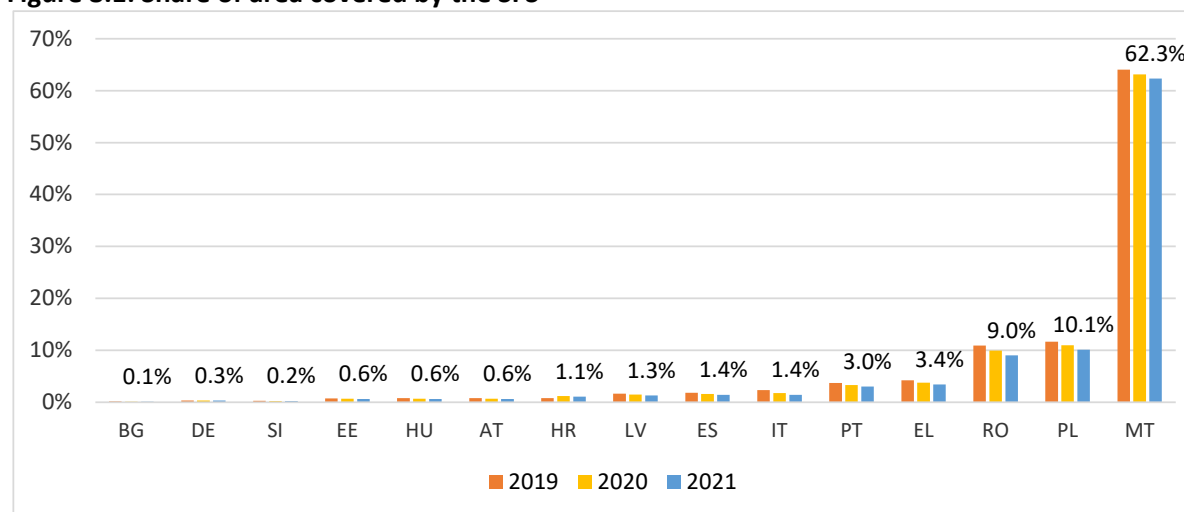
²³ Double counting of certain beneficiaries (in any CY) is possible, if a beneficiary receives VCS under more than one support measure. For instance, the same farmer may get VCS for dairy cows under one support measure and for protein crops under another measure; in this case the same farmer would be counted as a beneficiary under both measures.

VIII. THE SMALL FARMERS SCHEME

- The **Small farmers scheme (SFS)** is a **simplified scheme** replacing all other direct payments that a farmer could be entitled to.
- The scheme is **optional** for Member States and is applied in fifteen Member States: BG, DE, EE, EL, ES, HR, IT, LV, HU, MT, AT, PL, PT, RO and SI.
- It includes simplified administrative procedures for farmers: participating farmers are exempted from greening obligations and cross-compliance penalties²⁴.
- The Member States can choose between different **methods of calculation** of the annual payment that is granted to the farmers participating in the SFS (either as a lump-sum per holding (LV, PT), or as an amount due taking into account what a farmer could receive outside the SFS either in CY2015 (HU, IT, ES, SI) or annually (the other MSs).
- The level of payment is limited to a maximum of **EUR 1 250** (a lower maximum can be fixed by the Member States).

- In CY2021, in the 15 Member States applying the scheme, the total number of participants in the SFS (around 1.23 million applicants) represented around 26% of the total BPS/SAPS (incl. SFS) applicants in these countries. However, as the size of the SFS holdings is rather small (2.5 hectares on average in these Member States), the share of the SFS area determined in the total area determined under decoupled direct payments remains rather limited (3.3% or 3.1 million hectares).
- The area determined under the SFS, expressed as a share of total decoupled DP area, ranged from 0.1% in BG to 62.3% in MT (see Figure 8.1). This high share observed in MT reflects its specific farmland structure with predominance of small holdings.

Figure 8.1: Share of area covered by the SFS



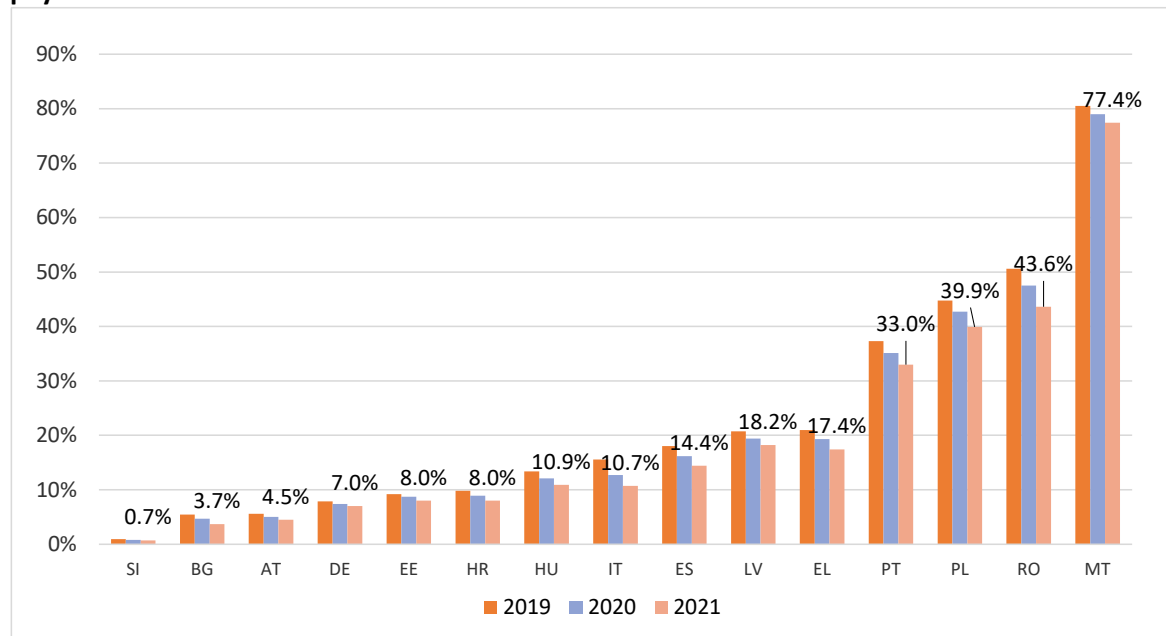
Data source: Member States' notifications in CATS.

NB: The percentages presented in this figure refer to CY2021.

²⁴ For more information on the SFS: https://agriculture.ec.europa.eu/system/files/2018-10/small-farmers-scheme_en_0.pdf

- In CY2020, the SFS applicants represented between 0.7% (SI) and 77.4% (MT) of the total decoupled DP applicants (see Figure 8.2).
- However, between CY2019 and CY2021, the total number of admissible SFS applicants has dropped in each and every Member State applying this scheme, with the overall decrease averaging - 16.9% at the EU level. The largest declines were observed in Member States such as PL, PT, HU and RO). Member States with the smallest decreases were SI, DE and AT. These declines are due either to ‘inactive farmers’ or farmers having withdrawn from the SFS in years 2019-2021.
- “Inactive participants” may be farmers who did not apply for direct payments at all in 2021 or did not meet minimum requirements for receiving any direct payments.
- The main reason for withdrawing from the SFS (leading to the impossibility of participation in the SFS in the subsequent years) is that beneficiaries could receive higher payments by applying to the standard direct payment schemes instead of the SFS (limited to a maximum amount of EUR 1 250 or lower). In Member States applying SFS payment as a lump-sum or payment due in 2015, farmers need also to respect special conditions (i.e. keeping at least a number of eligible hectares corresponding to the number of eligible hectares farmer entered with in 2015) which may be seen as an obstacle by some farmers.

Figure 8.2: Share of farmers under the SFS in the total number of applicants for direct payments



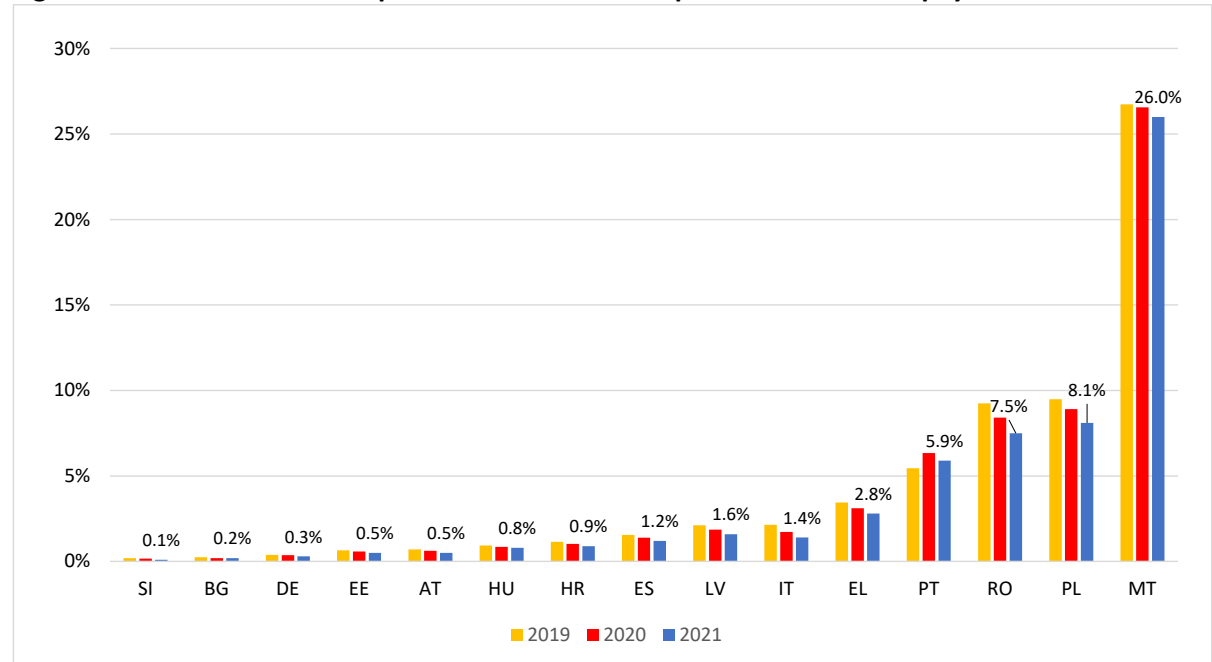
Data source: Member States' notifications in CATS.

NB: The percentages presented in this figure refer to CY2021.

The total expenditure for the SFS in CY2021 amounted to EUR 647 million (down from EUR 726 million in CY2020 and EUR 800 million in CY2019), representing 1.8% of the total expenditure for direct payments in the Member States applying this scheme.

- MT had the highest share of direct payments' expenditures for the SFS (26%) in CY2021, followed by PL (8.1%) and RO (7.5%). In SI, BG, DE, EE, AT, HR and HU, the total expenditure under the SFS represented less than 1% of their direct payment' expenditure.
- Due to the method chosen for calculating the SFS support, BG, ES, IT, LV, HU, PT and SI should not grant more than a maximum of 10% of their annual direct payment' envelope to finance the SFS. In these Member States, the 10% maximum was significantly higher than the actual financing needs for the SFS (see Figure 8.3).

Figure 8.3: Share of the SFS expenditure in the total expenditure for direct payments



Data source: Member States' notifications in AGREX.

NB: The percentages presented in this figure refer to CY2021.