



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

Claim year 2019

This report presents the implementation of the direct payments by Member States for claim year 2019. 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 2019, have been corrected and/or updated where relevant. As UK was part of the EU and have implemented DP in CY2019, the UK is referred to as a Member State belonging to the EU-28 during the year under review.

July 2021

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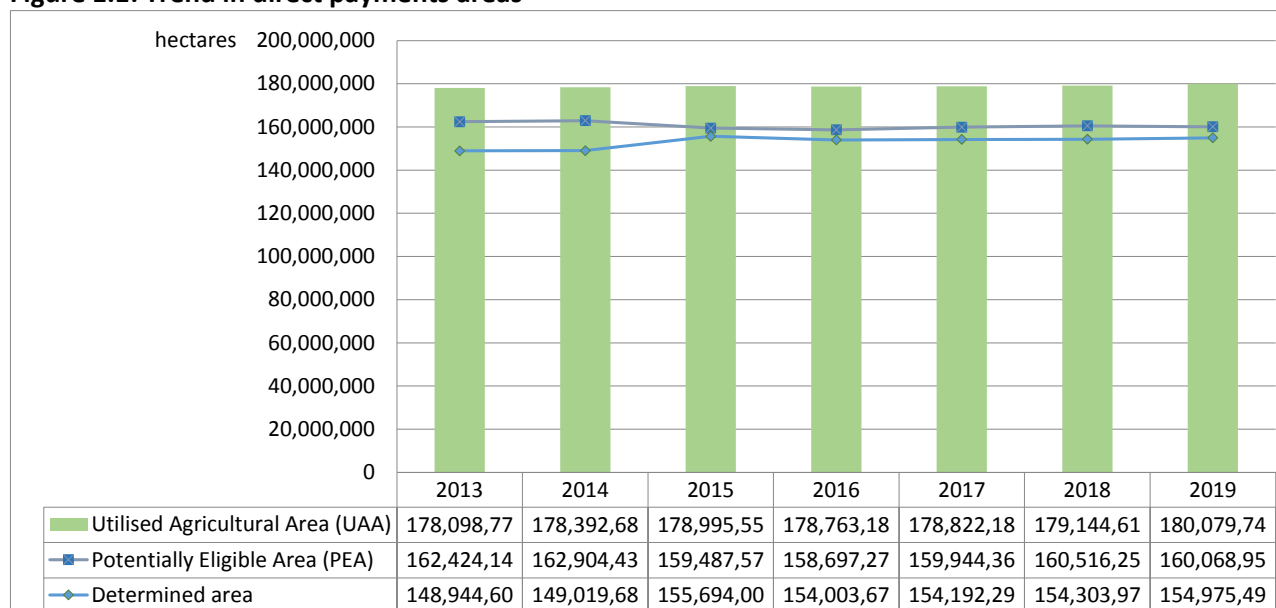
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I GENERAL IMPLEMENTATION DATA

I.1. Trend in the area receiving direct payments

- The **Potentially Eligible Area (PEA)** for direct payments (DP) has remained relatively stable since claim year (CY) 2015 and amounted to about 160 million hectares in CY2019 (+0.4% as compared to CY2015 and -0.3% from a year ago).
- 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 155 million hectares in CY2019 (-0.5% as compared to CY2015 and +0.4% from a year ago).
- 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 helped to better cover the potentially eligible area with direct payments (including in Member States applying payment entitlements (PEs) based system).
- As a result, the gap between the determined area and the PEA has been significantly reduced. This has been one of the achievements of the 2013 CAP reform.
- Note that the PEA and the determined area account for, respectively, 89% and 86% of the **Utilised Agricultural Area (UAA)** across the EU-28 Member States.

Figure 1.1: Trend in direct payments areas



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 CY2019), the Single area payment scheme (SAPS) (all years) and the Small farmers scheme (SFS) (from CY2015 to CY2019). 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 CY2019, this type of area represented about 3.0 million ha in the EU-28, i.e. about 1.9% of total PEA. Discrepancy between the UAA and the PEA/the determined area can be explained mainly by different definitions applied. Not all UAA recorded for statistics purposes is declared by farmers under the direct payments system (see further point I.2)

I.2. The total agricultural area and the area under direct payments in CY2019

- In general, the differences between the determined area and the PEA are due to the limitations in the number of payment entitlements compared to the eligible area for the eighteen BPS Member States (see last bullet point and section III.1 below) and by the result of controls in all Member States.
- In CY2019, the Member States with the highest differences between the PEA and the determined area were AT, ES, PT, EL, IE and FR.
- In 23 out of 28 Member States, the UAA is higher than the PEA (the opposite is observed in DE, BE, IE, CY and CZ). 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 CY and CZ. 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 2019)

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	1,358,700	1,375,625	1,319,289	-56,337	-4.1%	16,925	1.2%
DK	BPS	2,626,000	2,593,729	2,564,428	-29,301	-1.1%	-32,271	-1.2%
DE	BPS	16,666,000	16,755,746	16,636,684	-119,062	-0.7%	89,746	0.5%
IE	BPS	4,524,150	4,638,218	4,410,587	-227,631	-4.9%	114,068	2.5%
EL	BPS	5,153,380	3,960,676	3,755,104	-205,572	-5.2%	-1,192,704	-23.1%
ES	BPS	24,371,660	21,055,478	19,188,762	-1,866,716	-8.9%	-3,316,182	-13.6%
FR	BPS	29,024,180	26,864,165	25,599,991	-1,264,175	-4.7%	-2,160,015	-7.4%
HR	BPS	1,504,450	1,093,770	1,079,639	-14,130	-1.3%	-410,680	-27.3%
IT	BPS	13,150,200	9,913,262	9,712,660	-200,602	-2.0%	-3,236,938	-24.6%
LU	BPS	131,590	121,915	120,002	-1,913	-1.6%	-9,675	-7.4%
MT	BPS	11,580	7,352	7,278	-74	-1.0%	-4,228	-36.5%
NL	BPS	1,816,320	1,773,303	1,734,730	-38,573	-2.2%	-43,017	-2.4%
AT	BPS	2,652,220	2,552,414	2,289,728	-262,686	-10.3%	-99,806	-3.8%
PT	BPS	3,591,420	3,037,434	2,824,408	-213,025	-7.0%	-553,986	-15.4%
SI	BPS	479,820	455,858	441,846	-14,012	-3.1%	-23,962	-5.0%
FI	BPS	2,273,800	2,253,119	2,249,904	-3,215	-0.1%	-20,681	-0.9%
SE	BPS	3,004,780	2,922,188	2,894,981	-27,207	-0.9%	-82,592	-2.7%
UK	BPS	17,529,000	14,836,434	14,473,569	-362,865	-2.4%	-2,692,566	-15.4%
BPS member States		129,869,250	116,210,686	111,303,589	-4,907,098	-4.2%	-13,658,564	-10.5%
BG	SAPS	5,037,470	3,868,241	3,806,997	-61,244	-1.6%	-1,169,229	-23.2%
CZ	SAPS	3,523,660	3,533,265	3,531,425	-1,840	-0.1%	9,605	0.3%
EE	SAPS	988,410	965,015	959,719	-5,296	-0.5%	-23,395	-2.4%
CY	SAPS	125,350	136,644	134,712	-1,932	-1.4%	11,294	9.0%
LV	SAPS	1,959,400	1,745,847	1,740,088	-5,759	-0.3%	-213,553	-10.9%
LT	SAPS	2,974,990	2,877,076	2,865,455	-11,621	-0.4%	-97,914	-3.3%
HU	SAPS	5,309,520	4,971,110	4,956,078	-15,032	-0.3%	-338,410	-6.4%
PL	SAPS	14,550,350	14,298,019	14,250,378	-47,641	-0.3%	-252,331	-1.7%
RO	SAPS	13,825,610	9,608,936	9,584,875	-24,062	-0.3%	-4,216,674	-30.5%
SK	SAPS	1,915,730	1,854,114	1,842,177	-11,937	-0.6%	-61,616	-3.2%
SAPS Member States		50,210,490	43,858,267	43,671,904	-186,363	-0.4%	-6,352,223	-12.7%
EU-28		180,079,740	160,068,953	154,975,492	-5,093,460	-3.2%	-20,010,787	-11.1%

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 CY2019

- 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 approximately 10% between CY2015 and CY2019. The sharpest decreases were predominantly observed in IT (-22.9%), ES (-19.0%), EE (-16.5%), FR (-13.2%) and EL (-11.0%). 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 (-13.2% on average between 2015 and 2019) is typically associated with a decrease in the determined area, though the latter was of a significantly lower magnitude (-1.4% on average). In SAPS Member States, a negative correlation is observed between the number of admissible applicants (-5.6% on average) and the determined area (+1.9% on average).
- Contrary to the general and widespread downward trend observed at the EU-28 level, the number of applicants had increased in four Member States: HR (+5.5%), CZ (+4.4%), SK (+2.4%) and IE (+0.9%). It is worth to point out that the average farm size in SK and CZ is among the highest within the EU-28, 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-CY2019) and change in the determined area (CY2015-CY2019)

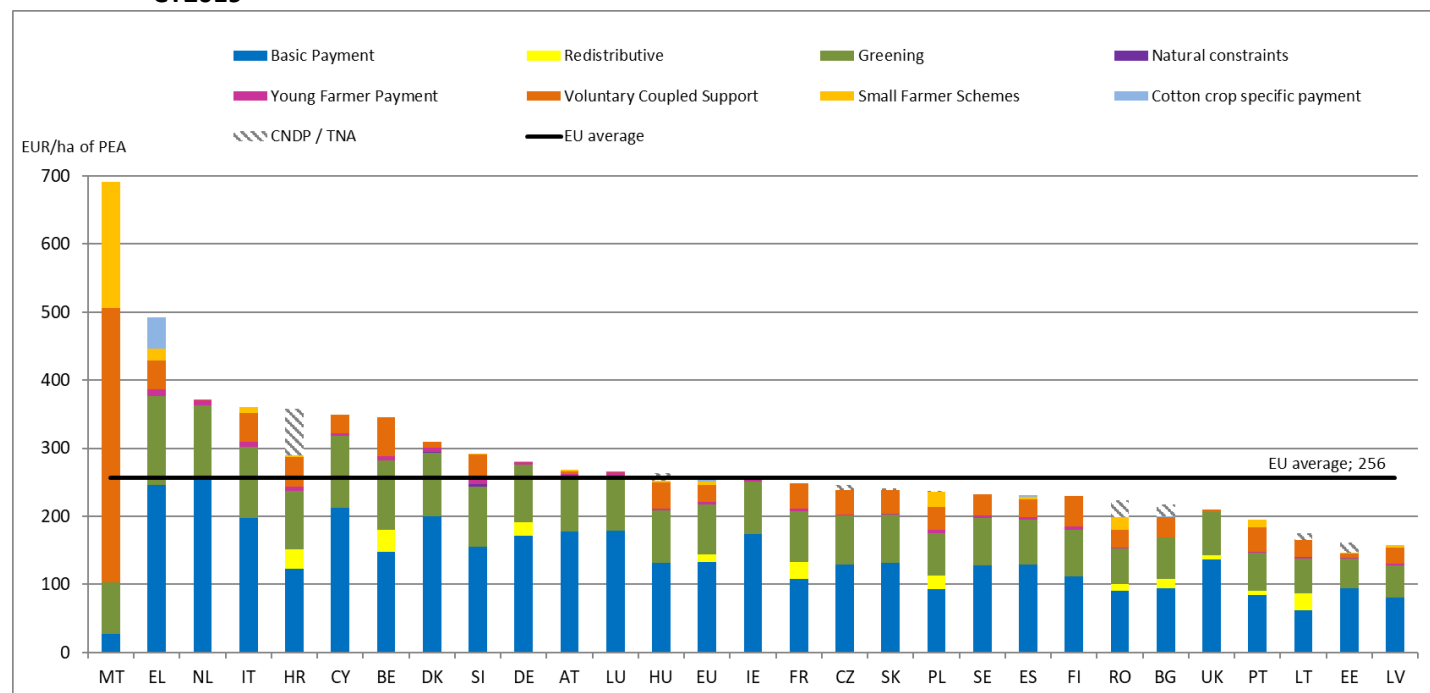
Member State	Number of admissible applicants						Determined area 2019/2015
	CY2015	CY2016	CY2017	CY2018	CY2019	2019/2015	
BE	35,681	35,131	34,128	33,886	33,736	-5.5%	-1.0%
DK	40,797	39,531	38,638	37,918	37,338	-8.5%	-1.0%
DE	321,388	316,897	313,917	310,655	307,122	-4.4%	-1.4%
IE	126,762	124,390	129,558	128,498	127,859	0.9%	0.2%
EL	685,486	646,348	619,753	611,531	610,205	-11.0%	-1.4%
ES	792,741	719,331	653,380	652,131	642,209	-19.0%	-1.0%
FR	354,441	330,591	318,962	312,426	307,710	-13.2%	-1.8%
HR	98,691	97,019	99,850	101,526	104,147	5.5%	6.5%
IT	1,002,205	898,695	809,764	789,840	772,364	-22.9%	-3.5%
LU	1,824	1,780	1,756	1,730	1,713	-6.1%	-1.9%
MT	5,336	9,670	5,221	5,084	4,985	-6.6%	-11.1%
NL	45,847	45,776	44,960	44,530	43,999	-4.0%	0.0%
AT	109,472	108,607	107,380	106,348	105,263	-3.8%	-10.2%
PT	157,928	153,172	153,602	152,891	151,894	-3.8%	2.1%
SI	56,899	56,621	56,440	56,083	55,550	-2.4%	-1.7%
FI	52,672	51,439	50,308	49,516	48,654	-7.6%	-0.4%
SE	60,246	58,555	57,937	56,572	56,214	-6.7%	-1.3%
UK	145,375	143,410	142,798	141,682	141,525	-2.6%	-0.2%
BPS MS total	4,093,791	3,836,963	3,638,352	3,592,847	3,552,487	-13.2%	-1.4%
BG	65,642	67,836	67,183	65,621	62,873	-4.2%	4.3%
CZ	28,904	29,584	29,802	30,064	30,177	4.4%	-0.2%
EE	17,100	15,542	15,019	14,558	14,275	-16.5%	1.2%
CY	33,501	33,062	32,868	32,677	32,233	-3.8%	0.3%
LV	61,111	59,744	58,484	57,689	56,947	-6.8%	5.2%
LT	136,221	134,069	127,470	125,322	123,316	-9.5%	2.2%
HU	175,278	174,635	173,752	171,347	168,592	-3.8%	0.3%
PL	1,346,848	1,344,911	1,336,349	1,317,653	1,304,524	-3.1%	0.8%
RO	881,989	844,460	834,213	820,299	799,474	-9.4%	4.4%
SK	18,142	18,978	18,845	18,780	18,573	2.4%	-0.8%
SAPS MS total	2,764,736	2,722,821	2,693,985	2,654,010	2,610,984	-5.6%	1.9%
EU 28 total	6,858,527	6,559,784	6,332,337	6,246,857	6,163,471	-10.1%	-0.5%

Data source: Member States' notifications in CATS.

I.4. Direct payments expenditure and optional national payments per hectare by Member State in CY2019

- In CY2019, the average support granted per hectare of area declared by farmers (PEA) amounted to **256 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 157 EUR/ha in LV to 691 EUR/ha in MT.
- 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, 53% of the direct payments expenditure in CY2019 (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 by Member State for CY2019*



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, estimate for CY2019 based on the implementation rate over the period CY2015-CY2018).

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 2015-2021 Decisions taken by Member States": https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/key_policies/documents/simplemplementation-decisions-ms-2021_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 when area related support is granted.
- *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...).

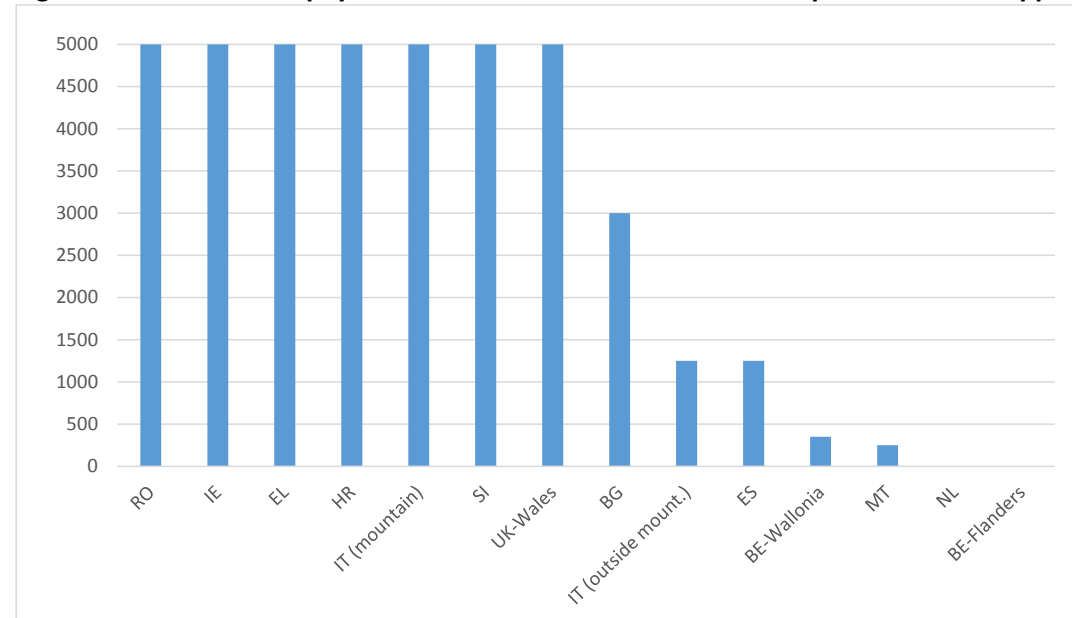
³ For more information on eligibility: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/direct-payments-eligibility-conditions_en.pdf

⁴ To be noted 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://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/active-farmer-ms-decsions-omnibus-regulation_en.pdf. Nevertheless, in Member States applying BPS (payment entitlements based system) 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

- Farmers who received less than a certain threshold of direct payments in the previous claim year are **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 relevant⁵.
- 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, EE, and EL, 60% or more of the claimants are de facto considered active farmers.
- Another element of the active farmer's provision is a **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.
- In CY2019, 9 Member States maintained the negative list (BE, BG, IE, ES, HR, MT, RO, SI and UK-Wales).
- As from CY 2018, EL and NL have decided 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.

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 CY2018-CY2019.

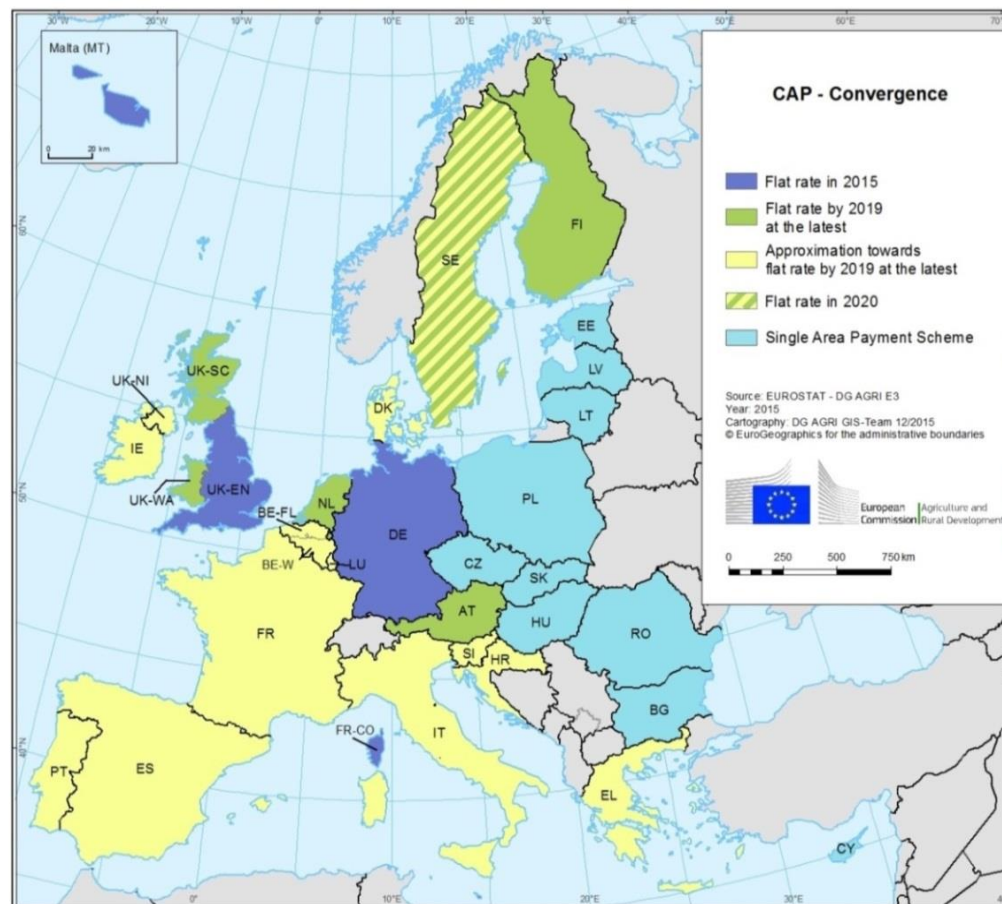
Note: IT and NL continue to apply Article 9(3), although they have discontinued application of Article 9(2) as from CY 2018.

⁵ The "omnibus" Regulation (EU) 2017/2393 of 13 December 2017 has made the negative list under the active farmer clause optional as from CY2018.

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.
- 18 Member States (BE, DE, DK, IE, EL, ES, FR, HR, IT, LU, MT, NL, AT, PT, SI, FI, SE and the UK) 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**⁶, 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, FR-Corsica and UK-England apply the model of "**flat-rate from 2015**"⁷:
 - In UK-England, it is applied at regional level (i.e. different flat-rate payments in different regions).
 - In DE, it was initially applied at regional level to end-up with a national flat-rate in 2019.
- NL, AT, FI, UK-Scotland and UK-Wales have chosen the "**flat-rate in 2019**" model.
 - In FI and UK-Scotland, it is applied at regional level.
- BE-Flanders, BE-Wallonia, DK, IE, EL, ES, FR-Hexagone, HR, IT, LU, PT, SI, SE and UK-Northern Ireland applied a **partial convergence by 2019**.
 - EL and ES will apply it at regional level.
 - SE closed 5/6 of the gap to 100% of 2019 average in CY2019 and moved to a flat-rate from CY2020 onwards.



Data source: Member States' notifications in ISAMM.

⁶ For more information on BPS, see the document "Direct Payments - BASIC PAYMENT SCHEME" at

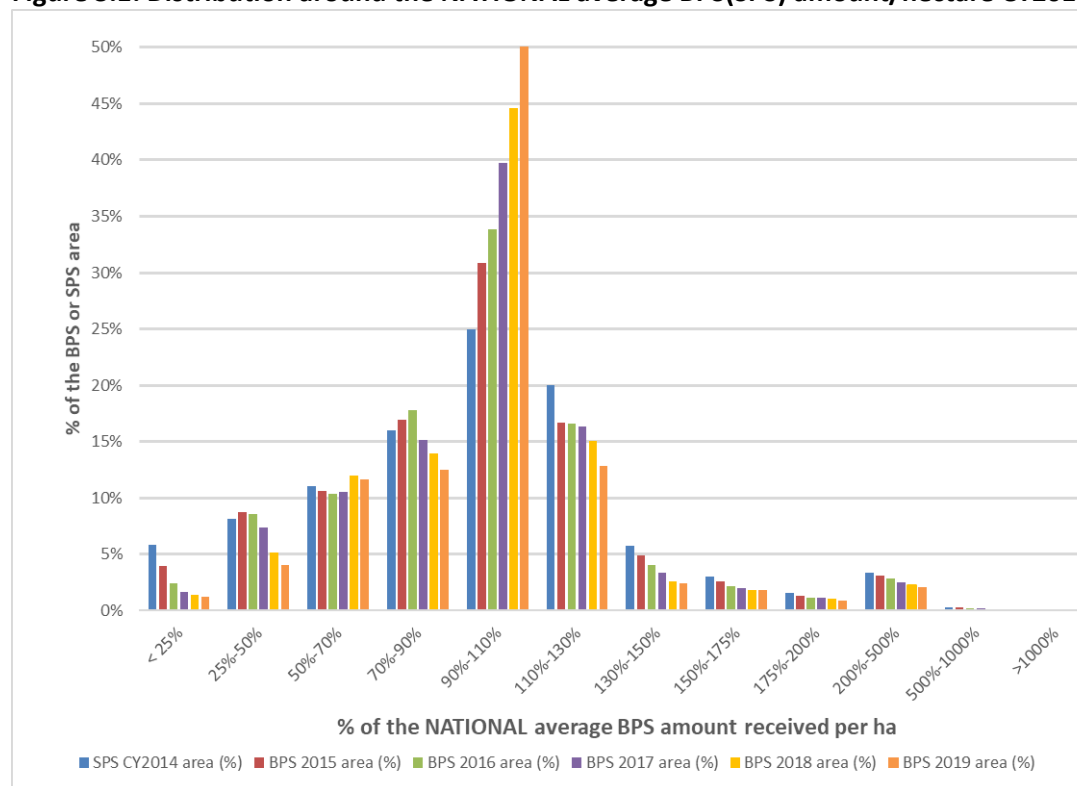
https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/basic-payment-scheme_en.pdf

⁷ 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')" at https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/internal-convergence_en.pdf

III.2 The Basic payment scheme - The internal convergence

- In the 18 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 50% in 2019) and is on its way to reach a higher level by CY2020. However, some significant differences in BPS amounts per hectare will remain in CY2020 in the Member States applying the partial convergence.

Figure 3.1: Distribution around the NATIONAL average BPS(SPS) amount/hectare CY2014-CY2019



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.

NB: Figure 3.1 is based on CATS data for financial years (FY) up to FY2020 covering up to CY2019 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 CY2019. 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).

NB: 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 almost all of them, the greening payment will follow the same convergence path as the BPS. DE, FR-Corsica, LU, MT, FI, UK-England and UK-Scotland 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 farmers**⁸ 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 CY2019, around **45 000 farmers** entered the BPS via the reserve (representing nearly 1.3% of all BPS beneficiaries, compared to 3.2% in CY2015, 1% in CY2016, 1.6% in CY2017 and 1.2% in CY2018) of which **17 800** are **young farmers**. The area of farmers entering the BPS via the reserve represents 0.6% of the total area determined in 2019.

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

Table 3: Number of farmers and number of hectares "entering" the BPS via the reserve (CY2019)

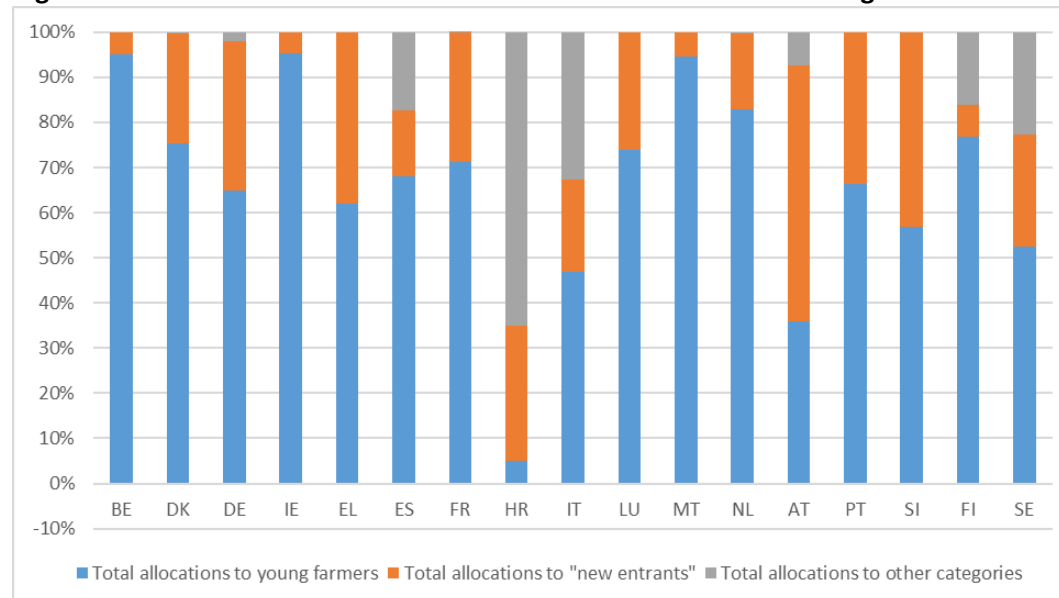
M S/REGION	"Entry" in the BPS via the reserve		Total in the BPS (incl. SFS)		Share of the "entry" via the reserve compared to the total	
	Number of farmers	Number of hectares determined	Number of farmers	Number of hectares determined	Number of farmers	Number of hectares determined
BE Flanders	42	1 633	21 063	585 021	0.20%	0.28%
BE Wallonia	23	1 312	12 757	734 267	0.18%	0.18%
DK	58	1 051	37 675	2 564 428	0.15%	0.04%
DE	1 513	24 667	310 509	16 577 957	0.49%	0.15%
IE	308	10 086	123 441	4 410 587	0.25%	0.23%
EL	14 453	92 228	608 154	3 596 792	2.38%	2.56%
ES	1 321	136 039	644 783	18 836 914	0.20%	0.72%
FR - Corse	76	3 564	2 102	144 000	3.62%	2.48%
FR - Hexagone	1 999	107 443	310 380	25 599 991	0.64%	0.42%
HR	1 592	33 608	100 211	1 064 990	1.59%	3.16%
IT	22 281	156 067	778 878	9 488 565	2.86%	1.64%
LU	10	162	1 728	120 002	0.58%	0.13%
MT	0	27	4 931	2 615	0.00%	1.05%
NL	101	3 534	44 466	1 734 730	0.23%	0.20%
AT	323	3 049	106 163	2 272 092	0.30%	0.13%
PT	800	46 743	147 711	2 719 887	0.54%	1.72%
SI	246	1 976	55 997	440 732	0.44%	0.45%
FI	28	3 146	49 284	2 249 904	0.06%	0.14%
SE	566	11 166	56 381	2 894 981	1.00%	0.39%
UK England	NA	NA	83 997	8 520 746	NA	NA
UK Northern Ireland	NA	NA	24 067	940 574	NA	NA
UK Scotland	NA	NA	17 512	3 666 075	NA	NA
UK Wales	NA	NA	15 457	1 346 175	NA	NA
Total	45 740	637 503	3 557 647	110 512 023	1.29%	0.58%

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. UK data non available.

⁸ "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**⁹ in CY2019 in terms of amounts allocated consists of:
 - 50% to young farmers,
 - 25% to "new entrants",
 - 25% 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, 16% of allocations are for farmers to prevent land from being abandoned (Article 30(7)(a)), 49% for farmers with a specific disadvantage (Article 30(7)(b)), 30% to new entrants and around 5 % 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

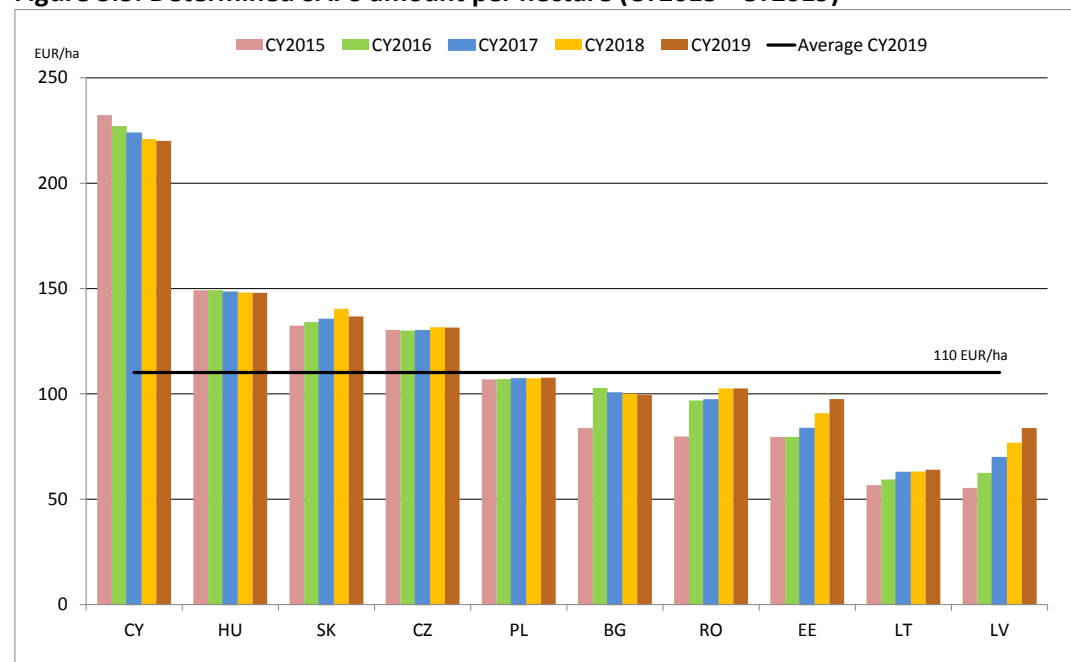
⁹ This includes the allocations of new entitlements and the increase of value of the existing entitlements. In some cases, Member States provided the information cumulatively from 2015, while most of the Member States provided information in respect of amounts for which allocation was claimed in the year 2019.

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 110.1** per hectare in CY2019, up from 102.5 EUR per hectare in CY2015 (+7.5%), reflecting the impact of the external convergence.
- However, differences persist across Member States: 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 (i.e. CZ, RO, EE, LT and LV have transferred part of funds from direct payments to rural development) and by the Member States' policy choices for other direct payment schemes.
- For example, LT applies the redistributive payment for the first 30 hectares a farmer declares and hence its SAPS envelope is relatively low. Also, LV applies the SFS as a "lump-sum payment" of EUR 500 (21% of farmers eligible for SAPS participated in the SFS in CY2019). As a result, the SAPS budgetary envelope remaining for farmers not participating in the SFS is also relatively low.

Figure 3.3: Determined SAPS amount per hectare (CY2015 - CY2019)



Data source: Member States' notifications in CATS.

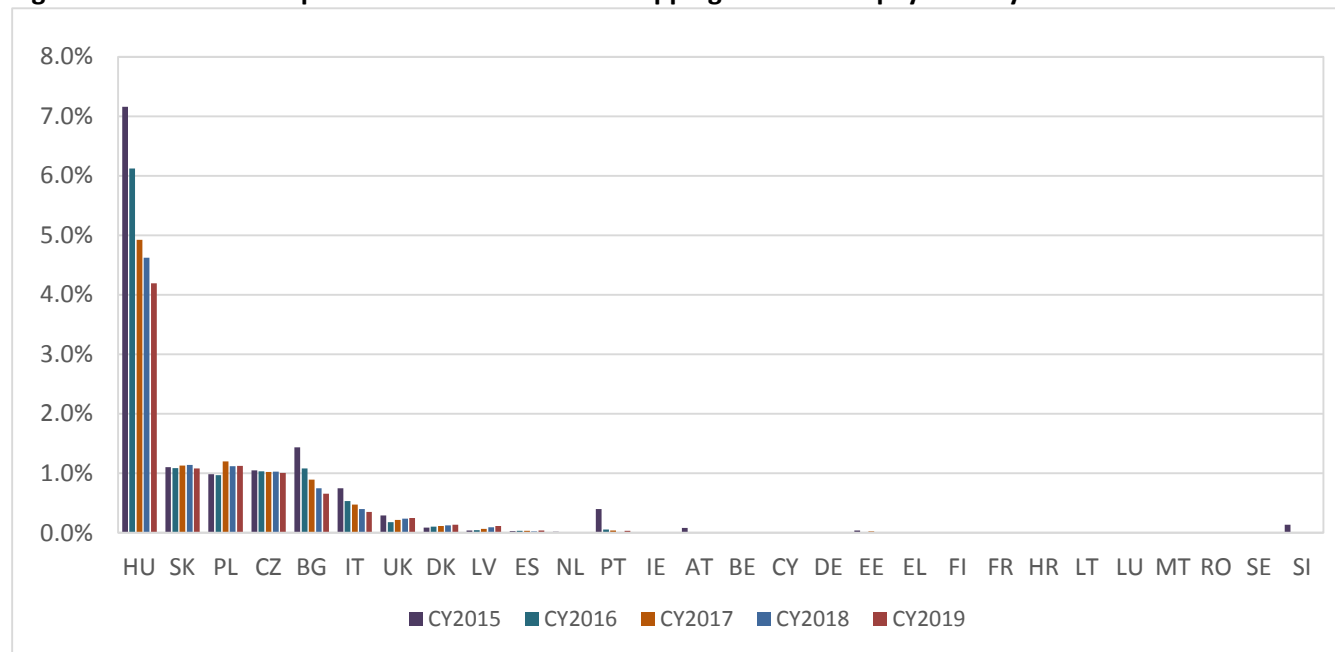
NB: Determined SAPS amount per hectare is calculated by dividing the total amount determined under the SAPS (before penalties) by the total number of hectares determined under the SAPS. It corresponds to the payments to be made under the SAPS, and does not include the amounts or hectares determined under 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 compulsory¹⁰.
- 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, DE, FR, HR, LT, PL¹¹ and RO).

- In CY2019, the proceeds of the reduction and capping amounted to EUR 66 million, representing 0.31% of the basic payment expenditure (down from EUR 69 million, and 0.33%, in CY2018).
- 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 4.2% of the SAPS envelope in CY2019. However, 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 CY2019 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.

¹⁰ For more information on the reduction of payments and capping, see the document "Direct Payments: Financial mechanisms in the new system" at https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/direct-payments-financial-mechanisms-jun2016_en.pdf

¹¹ While PL 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.

IV. TRANSITIONAL NATIONAL AID

- 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 CY2019, the TNA was paid in all SAPS Member States, except for LV and CY (see table 4.1).
- 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 2019, the level of TNA compared to 2013 was 55%).
- In total, eight SAPS Member States decided to implement TNA through a maximum envelope of **EUR 496 million** in CY 2019 (15% of this amount is coupled support). Due to budgetary restrictions, LV and CY ended up not granting any TNA for CY2019. In addition, for the other eight SAPS Member States, implementation data shows that **EUR 464 million** was **actually paid** (15% of this amount is paid as coupled support). Compared to CY2018, the total amount paid slightly decreased (EUR 501 million paid in CY2018) following the phasing out of the overall TNA envelopes.

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

MS	Sectors	Number of beneficiaries (N° of eligible farmers to whom TNA)	Amount of TNA granted (total payments made, 000 EUR)	execution rate= amount paid/amount decided
Bulgaria	Bovine animals	4 479	17 925	99%
	Sheep and goat (coupled)	6 984	14 682	97%
	Tobacco	40 518	38 752	87%
Czech Republic	Decoupled area payment	24 837	17 698	96%
	Hops	114	750	97%
	Potato starch	165	1 189	97%
	Ruminants	8 131	2 638	97%
	Sheep and goat (coupled)	2 738	35	94%
	Suckler cows (coupled)	7 215	687	97%
Estonia	Arable crops	4 200	4 524	89%
	Cattle	1 833	2 386	80%
	Ewe (coupled)	700	313	85%
	Ewe (decoupled)	378	24	60%
	Milk	880	6 670	93%
	Seeds	37	11	84%
	Suckler cows (coupled)	1 531	1 174	100%
Lithuania	Bulls 1	16 078	8 779	68%
	Ewe (coupled)	1 286	127	98%
	Milk	21 639	13 463	99%
	Protein crops	4 308	982	83%
	Suckler cows (decoupled)	8 848	3 195	50%
Hungary	Beef (decoupled)	6 341	8 240	78%
	Cattle extensification (decoupled)	1 743	6 817	89%
	Ewe (coupled)	6 709	44	75%
	Ewe (decoupled)	578	1 125	97%
	Milk	4 038	29 726	100%
	Suckler cows (coupled)	6 573	6 548	86%
	Tobacco (Burley) - decoupled	548	1 037	49%
	Tobacco (Virginia) - decoupled	328	3 059	50%
Poland	Tobacco (group I - Virginia)	7 939	16 612	98%
	Tobacco (group of varieties II,III,IV)	5 388	9 230	97%
Romania	Beef and veal (decoupled)	135 909	84 844	99%
	Decoupled area payment	609 744	92 319	98%
	Decoupled payment for dairy	50 025	18 673	92%
	Decoupled sugar beet payment	683	1 662	100%
	Flax and hemp (decoupled)	4	1	23%
	Hops	4	92	100%
	Sheep and goat (coupled)	45 165	42 239	98%
Slovakia	Tobacco (decoupled)	263	1 613	41%
	Sheep and goat (coupled)	1 411	2 001	87%
	Suckler cows (coupled)	1 537	2 129	98%

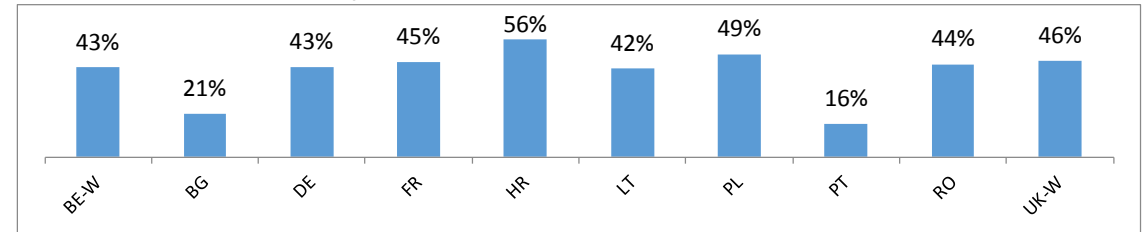
Data source: Member States' notifications in ISAMM.

V. THE REDISTRIBUTIVE PAYMENT

- In CY2019, the **Redistributive payment (RP)** is implemented by ten Member States: BE-Wallonia, BG, DE, FR, HR, LT, PL, PT, RO and UK-Wales.
- The financial allocation to the scheme goes from 2.5% (UK) to 15% (LT) of the Member States' national ceiling for 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 limit¹².

- 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 (16% and 21%). The latter can be explained by the fact that PT grants redistributive payment only 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 CY2019



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

¹² For more information on the redistributive payment: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/ds-dp-redistributive-payment_en.pdf

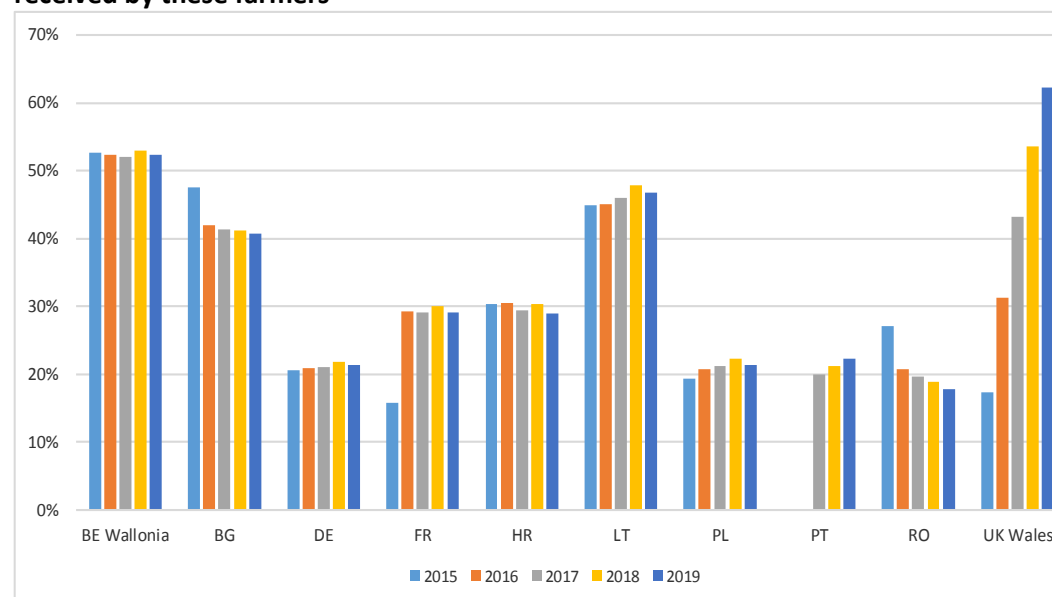
- As regards the RP unit rate, Member States could fix an amount up to 65% of the average national/regional direct payment per hectare.
- The actual percentage went from 0% for the first range in PL to 35% in LT. Last year (in CY2018), UK-Wales applied 65% (no data has been sent for CY 2019).
- Figure 5.2 shows that the redistributive payment represents a significant share of the total decoupled direct payments received by the eligible farmers. In CY2019, this share ranged from around 20% for PT, PL, DE and RO to more than 40% for BE-W, BG, LT and more than 60% for UK-Wales which steadily increase the unit rate over the years.
- In CY2019, the actual unit rates per hectare were as follows:

Table 5: Unite rate chosen by MS/region (CY 2019)

MS	threshold / tranche	Unit rate CY2019
BE-W	0 - 30ha	124
BG	0 - 30ha	70,16
DE	0 - 30ha	51,08
DE	30.01 - 46ha	30,64
FR	0 - 52ha	49
HR	0 - 20ha	72,67
LT	0 - 30ha	59,68
PL	0 - 3ha	0
PL	3.01 - 30ha	42,25
PT	0 - 5 ha	51
RO	0 - 5 ha	5
RO	5.01 - 30 ha	48,35
UK-W	0 - 54ha	not sent

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.

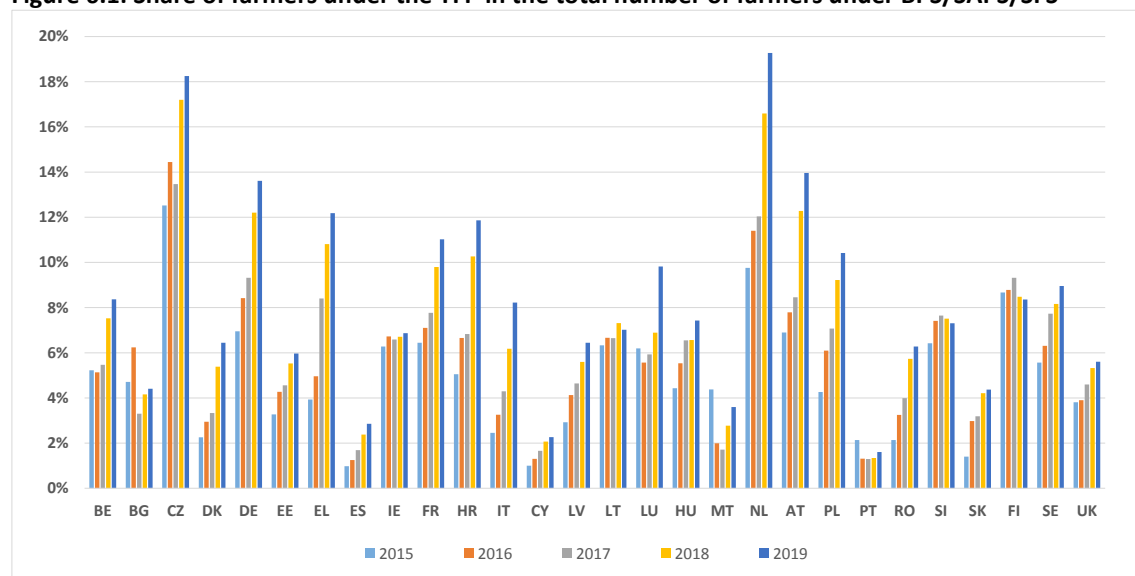
NB. It concerns only farmers admissible for receiving the redistributive support and it does not include farmers participating in the SFS. Total decoupled direct payments includes the basic payment, and where relevant, payment for young farmers.

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 States¹³.
- 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 CY2019, about **525 000** young farmers, representing **7.5% of the BPS/SAPS/SFS applicants**, benefited from the YFP in the EU-28 Member States (see Figure 6.1)¹⁴. This is an increase of 8.6% compared to CY2018 and a substantial 85% compared to CY2015 (see Figure 6.2).
- In CY2019, the share of beneficiaries under the YFP was the highest in the NL (19.3%), followed by CZ (18.3%), AT (14.0%) and DE (13.6%). The lowest shares have been observed in PT (1.6%), CY (2.3%) and ES (2.9%).
- The share of beneficiaries under the YFP has been on an upward trend since CY2015 in all Member States, except PT, MT, FI and BG.
- In CY2019, 29 915 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.

Figure 6.1: Share of farmers under the 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 equal that of CY2016, potential slight underestimate for some MS)

¹³ For more information on the YFP: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/young-farmer-payment_en.pdf

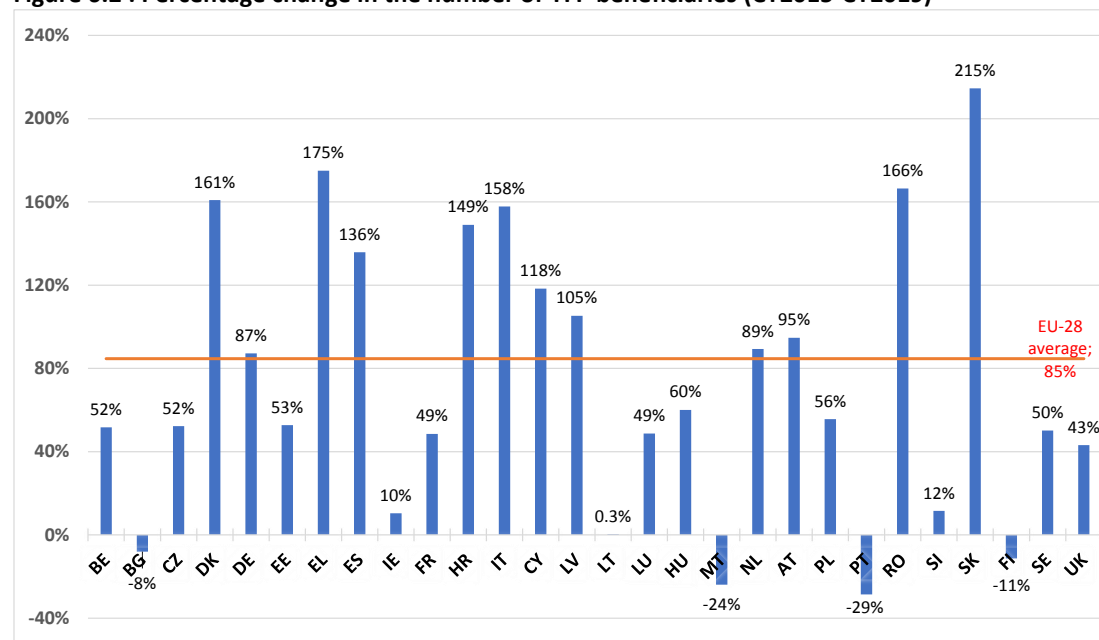
¹⁴ The total number of YFP beneficiaries includes the beneficiaries of the SFS who would have benefitted from the YFP had they not opted for the SFS. This data does not exist for CY2015; therefore the conservative assumption is that the number of young beneficiaries under SFS who would have benefitted 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 number of payment entitlements¹⁵ or number of hectares (up to a maximum fixed by the MS between 25 and 90 hectares). Since 2018, after the entry into force of the “Omnibus regulation”, the fixed percentage of 25% for the unit rate may be increased up to 50%, thus representing either:
 - 25-50 %¹⁶ of the average value of entitlements held by a farmer; or
 - 25-50 % of the basic payment (or 25-50 % of the SAPS rate where applicable); or
 - 25-50 % of 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 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 substantially increased in CY2019 and amounted to about **EUR 584 million** (approximately 1.4% of Annex II of Regulation 1307/2013 after applying the flexibility between the two CAP pillars)¹⁷.
- The share of the YFP in the total direct payments has increased from 0.8% in CY2015 to 1.4% in CY2019. Despite the fact that this share has overall turned out to be closer to Member States’ notifications as in the previous years, the final budgetary outcome has significantly exceeded initial estimates in 12 Member States, and in particular in DK, IT, FI and PL. To be noted that the YFP is a mandatory scheme and consequently underestimation might be partly driven by willingness to avoid

Figure 6.2 : Percentage change in the number of YFP beneficiaries (CY2015-CY2019)



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)

¹⁵ For BPS MS, generally, one payment entitlement corresponds to one hectare.

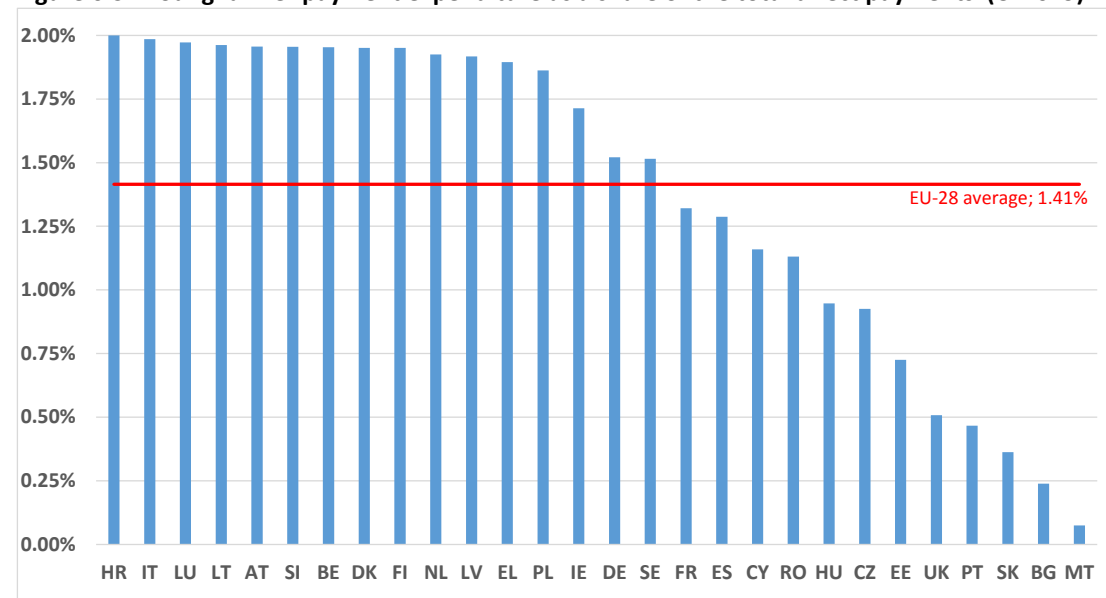
¹⁶ “Omnibus Regulation” also enabled Member States to increase the multiplier used in the YFP calculation methods, defined under Article 50(6) to (8) and (10) of Regulation (EU) No 1307/2013, from 25% up to 50%.

¹⁷ 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.

creating unspent funds.

- Figure 6.3 shows how far each Member State is from the maximum 2% ceiling for the Young Farmer Payment. 16 out of 28 Member States spent more than 1.5% of their direct payment budgetary envelope on this scheme. This share has increased between CY2015-CY2019 in the vast majority of Member States and in some cases significantly so (BE, CZ, FR, EE, ES, LV, DE, NL, EL, HR, IT). On the other hand, UK, 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, increased from 1.32% in CY2018 to 1.41% in CY2019, as compared to the ceiling of 2%. In nominal terms, the amount of funds spent under the YFP has risen by 55% between CY2017-CY2019, in particular, as a result of the flexibility provided for in the Omnibus Regulation¹⁸. Over the period CY2015-CY2019, the increase in the YFP stood at 84%.

Figure 6.3 : Young farmer payment expenditure as a share of the total direct payments (CY2019)

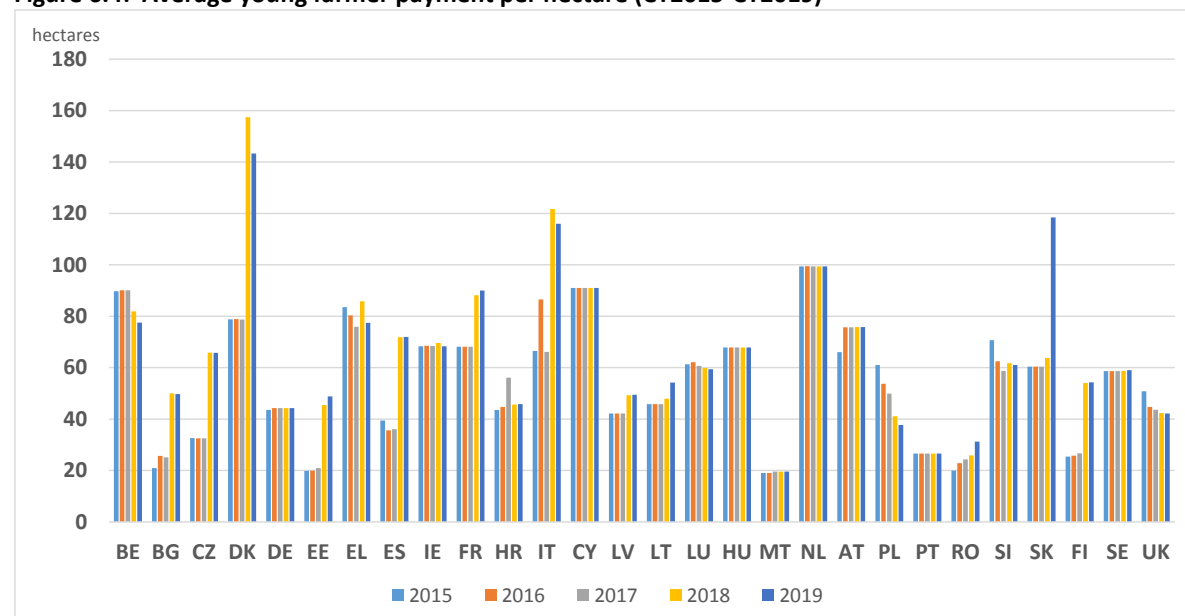


Source: Member States reporting to AGREX

¹⁸ 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 2019, the average YFP per hectare ranged between 20 EUR/ha in MT to 143 EUR/ha in DK (see Figure 6.4). The average YFP per hectare stood at about 64 EUR/ha at the EU level.
- The average YFP per hectare has remained broadly stable in 11 out of 28 Member States over the period CY2015-CY2019. 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, SK and IT (respectively, +65, +60 and +50 EUR/ha between CY2017 and CY2019). On the contrary, the average payment per hectare declined, and in some Member States significantly so, over the period CY2017-CY2019, notably in BE, PL and HR. 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.

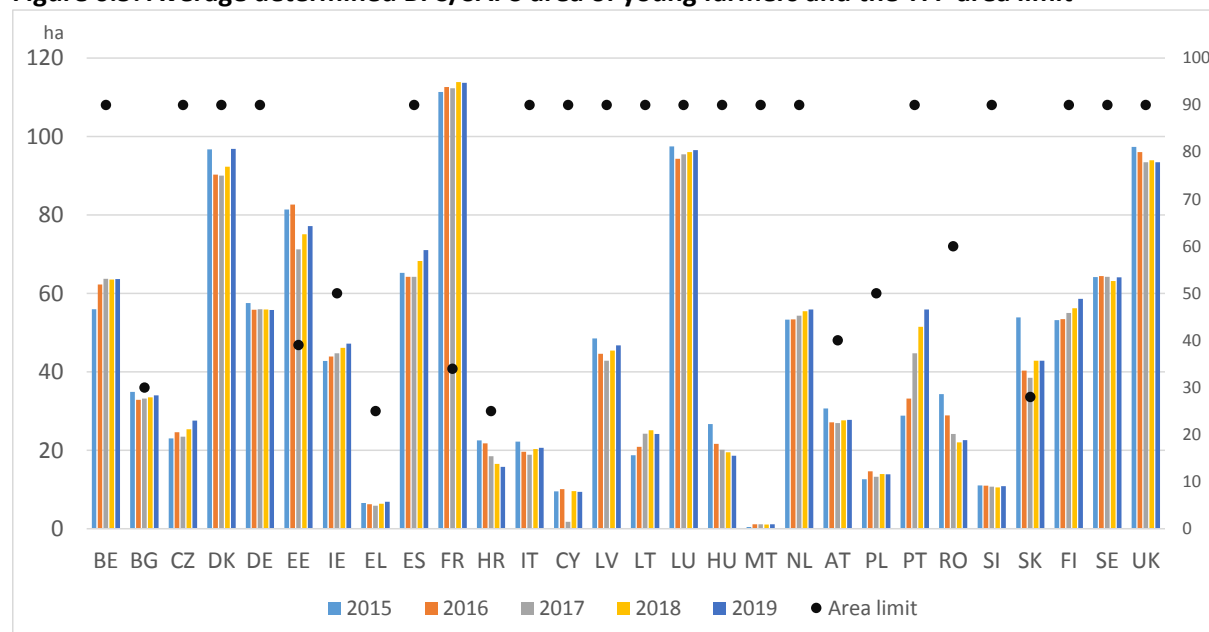
Figure 6.4: Average young farmer payment per hectare (CY2015-CY2019)



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

- The YFP can be granted up to a certain limit in hectares set by Member States (between 25 hectares and 90 hectares)¹⁹.
- 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 – 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.

¹⁹ LU is the only Member State who 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)**²⁰.
- 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 CY2019, except Germany.

VII.1 Sectors supported by VCS

EU Member States implemented 261 VCS measures in CY2019 covering in total 18 sectors. The number of measures applied has remained almost unchanged compared to previous years, with 260 in both CY2016 and CY2017 and 258 measures in CY2018, while the number of sectors covered has remained identical.

In CY2019, VCS measures were distributed between the following sectors (Table 7.1), which shows only slight differences compared to CY2018:

- beef and veal sector: support granted in 23 Member States under 54 measures for approximately 16.6 million animals;
- sheep and goat meat sector: 21 Member States granted support under 36 measures for approximately 32.5 million animals;
- fruit and vegetables sector: 19 Member States granted support under 54 measures, for approximately 0.45 million hectares;
- milk and milk products sector: 19 Member

Table 7.1: Number of sectors covered per Member States in CY2019

	BE (Flanders)	BE (Wallonia)	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	UK (Scotland)	Total number of Member States	
Beef and veal	√	√	√	√	√			√	√	√	√	√		√	√		√	√	√	√	√	√	√	√	√	√	√	√	√	23
Sheepmeat and goatmeat		√	√	√				√	√	√	√	√	√	√	√		√	√	√	√	√	√	√	√	√	√	√	√	√	21
Fruit and vegetables			√	√		√		√	√	√	√	√	√	√	√		√	√		√	√	√	√	√	√	√	√	√	√	19
Milk and milk products		√	√	√		√		√	√	√	√	√	√	√	√		√	√		√	√	√	√	√	√	√	√	√	√	19
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
Oilseeds														√																1
Olive oil												√																		1
Total number of sectors	1	3	5	8	1	2	1	10	9	11	6	9	3	9	8	1	7	4	2	2	10	5	12	4	7	8	1	2		

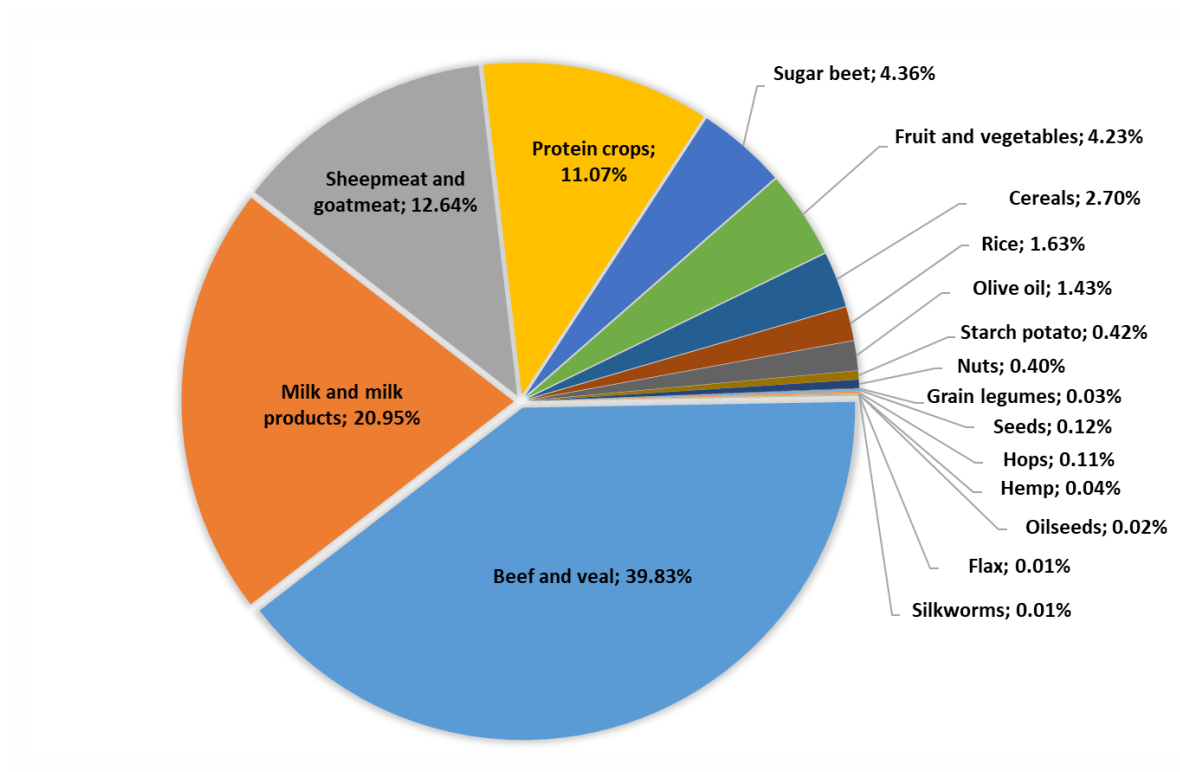
Data source: Implementation reports by Member States in CATS.

²⁰ 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

States granted support under 31 measures, for approximately 8.5 million animals;

- protein crops: 16 Member States granted support under 28 measures, for approximately 4.8 million hectares;
- sugar beet: 11 Member States granted support under 12 measures, for approximately 0.43 million hectares;
- the remaining 12 smaller sectors cover the 46 measures left;
- no MS granted coupled support to dried fodder, short rotation coppice and cane & chicory.

Figure 7: Distribution of VCS payments across sectors in CY2019 (in %)



Data source: Implementation reports by Member States in CATS.

VII.2 Financial execution

From the EUR 4.23 billion allocated to VCS in CY2019, the payments amounted to EUR 4.06 billion²¹, which corresponds to an execution rate of close to 95%.

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

In CY2019, these shares were as follows:

- 39.8% is targeted to the beef and veal sector (EUR 1 650 million);
- 21.0% to the milk and milk products sector (EUR 868 million);
- 12.64% to sheep and goat meat sector (EUR 528 million);

²¹ Only includes those payments that were declared to the Commission by the end of financial year 2020.

- 11.07% to protein crops (EUR 454 million);
- The remaining 15.5% of the total VCS envelope (some EUR 644 million) is allocated to the other 14 sectors (excluding dried fodder, short rotation coppice and cane & chicory – i.e. the only three eligible sectors to which no Member State granted any support).

VII.3 Total number of beneficiaries

In CY2019, the total number of VCS beneficiaries stood at 2.4 million, which is the lowest level since CY2017^{22,23}.

- The number of beneficiaries of the animal-based measures slightly decreased to 1.143 million in CY2019 (down from 1.162 million in CY 2018);
- On the other hand, the number of beneficiaries of the area-based measures has somewhat increased to 1.259 million in CY2019 (up from 1.243 million beneficiaries).

VII.4. Total number of hectares and animals paid

The total number of hectares paid decreased from 8.88 million in CY2018 to 8.73 million in CY2019. Over the same period, the total number of animals paid also decreased, from 58.02 to 57.63 million heads.

Table 7.2: VCS payments per Member States and per sector CY2019 (in million EUR)

	BE (Flanders)	BE (Wallonia)	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	UK (Scotland)	Total	Share in total VCS expenditure	
Beef and veal	22.9	54.9	13.4	25.0	24.1			38.0	224.5	606.7	15.1	106.9		6.6	20.1		39.1	0.5	0.4	10.7	168.8	58.8	12.5	4.0	8.9	53.2	89.5	45.1	1649.9	39.83%	
Milk and milk products		3.2	32.7	51.8		5.4			92.6	125.5	16.1	93.8	2.9	20.3	27.5		64.8	1.6			150.5	12.4	96.0	4.7	34.5	31.5				867.8	20.95%
goatmeat		0.6	14.0	2.8				54.7	165.0	126.2	3.7	12.8	0.7	0.6	2.5		22.0	0.1	1.1	0.7	4.7	34.9	60.7		5.3	2.5		7.9		523.7	12.64%
Protein crops			16.5	17.2			2.9	35.9	44.0	134.6	6.5	31.9		5.6	12.2	0.2	26.7				64.5		44.8		8.8	6.3				458.6	11.07%
Sugar beet				16.7				2.9	16.7		3.7	22.2			1.5		7.9				81.3		18.3		8.2	1.0				180.5	4.36%
Fruit and vegetables			41.5	9.1		0.5		17.9	6.4	13.6	3.0	10.1	0.3	2.8	5.1		34.1	0.9			10.8	3.5	10.4	2.0	1.7	1.2				175.1	4.23%
Cereals								11.5		6.0		79.1		3.7	3.2									6.7		1.5				111.7	2.70%
Rice								7.5	12.1	1.9		33.6					2.0					5.6	4.9							67.6	1.63%
Olive oil												59.3																		59.3	1.43%
Starch potato				3.1						1.8				0.2							8.5					3.7				17.3	0.42%
Nuts								3.6	13.0																					16.6	0.40%
Grain legumes									0.9														0.4							1.3	0.03%
Seeds							2.8			0.4				1.2	0.1									0.7						5.2	0.12%
Hops				3.1						0.3											0.8		0.1		0.1					4.5	0.11%
Hemp										1.5											0.1		0.1							1.7	0.04%
Oilseeds														1.0																1.0	0.02%
Flax																					0.5									0.5	0.01%
Silkworms								0.4															0.0							0.4	0.01%
Grand total	22.9	58.8	118.1	128.9	24.1	6.0	2.9	175.3	575.2	1018.4	48.2	449.8	3.9	42.0	72.2	0.2	196.7	3.0	1.6	11.4	490.7	115.3	248.9	17.4	67.5	100.9	89.5	53.0	4142.7	100.00%	
Share of total VCS	0.6%	1.4%	2.9%	3.1%	0.6%	0.1%	0.1%	4.2%	13.9%	24.6%	1.2%	10.9%	0.1%	1.0%	1.7%	0.0%	4.7%	0.1%	0.0%	0.3%	11.8%	2.8%	6.0%	0.4%	1.6%	2.4%	2.2%	1.3%	100.00%		
Total - small sectors (*)																													642.66	15.51%	

Data source: Implementation reports by Member States in CATS.

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 2.48 million in CY2015, 2.31 million in CY2016, 2.43 million in CY2017 and 2.41 million in CY2018.

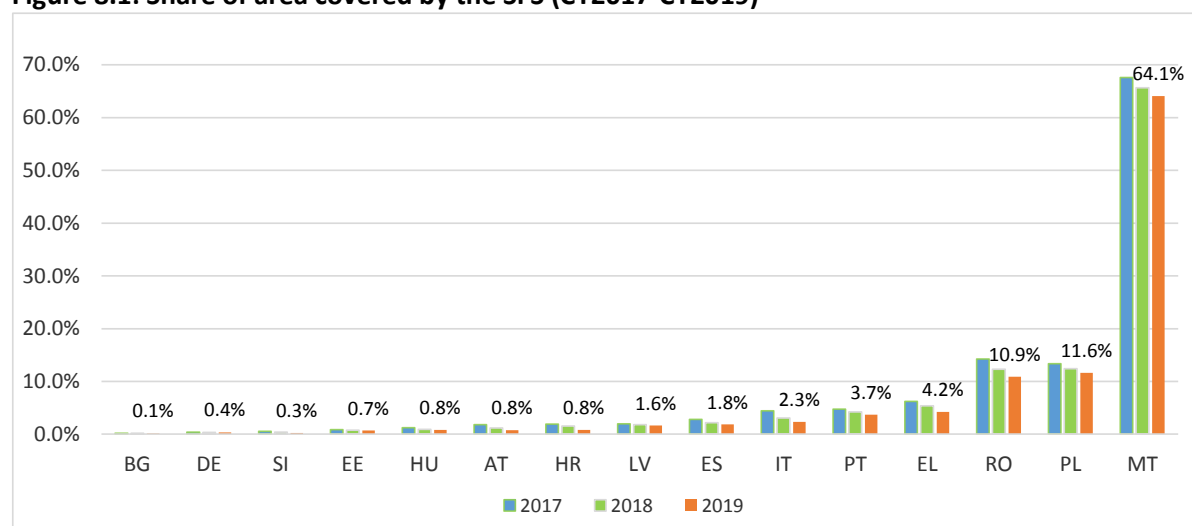
²³ Double counting of certain beneficiaries (in any CY) is possible, if a beneficiary receives VCS under more than one support measure. For instance, the same farmer may get VCS for dairy cows under one support measure and for protein crops under another measure; in this case the same farmer would be 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 CY2019, in the 15 Member States applying the scheme, the total number of participants in the SFS (around **1.5 million** applicants) represented around 29% 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 (4.1% or 3.8 million hectares).
- The area determined under the SFS, expressed as a share of total decoupled DP area, ranged from 0.1% in BG to 64.1% 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 (CY2017-CY2019)



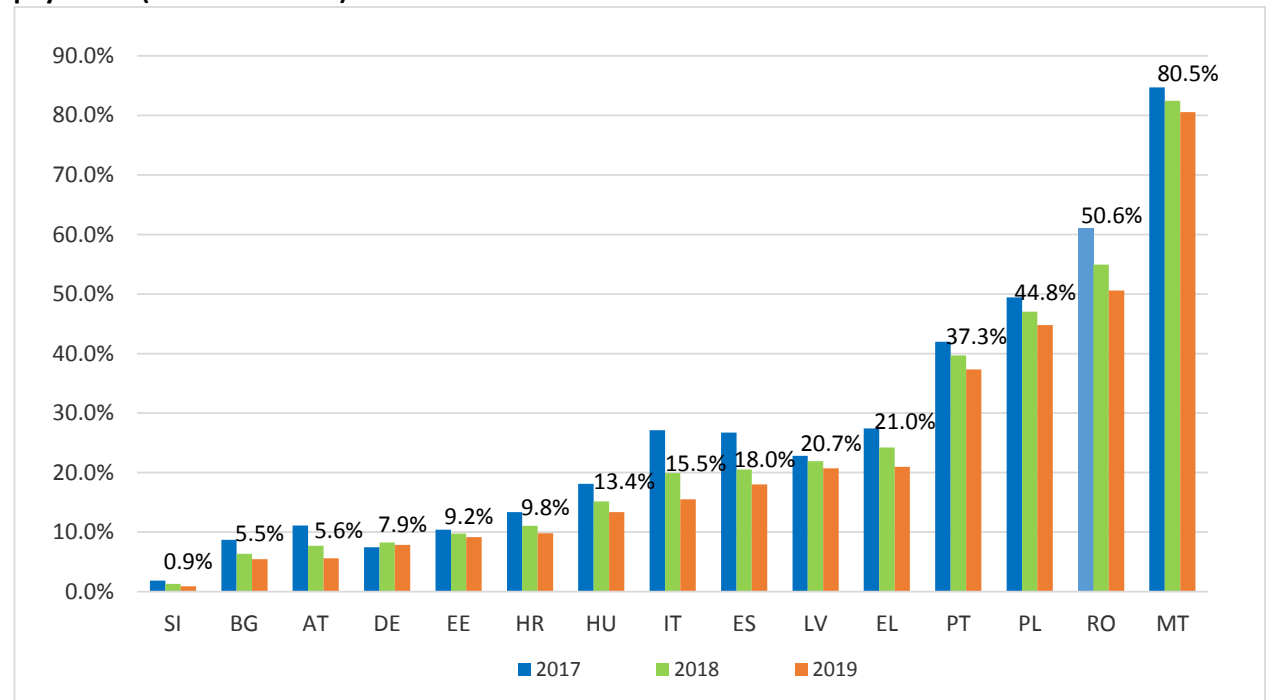
Data source: Member States' notifications in CATS.

NB: The percentages presented in this figure refer to CY2019.

²⁴ For more information on the SFS: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/small-farmers-scheme_en.pdf

- In CY2019, the SFS applicants represented between 0.9% (SI) and 80.5% (MT) of the total decoupled DP applicants (see Figure 8.2).
- However, between CY2017 and CY2019, the total number of admissible SFS applicants has dropped in each and every Member State applying this scheme, with the overall decrease averaging -22% at the EU level. The largest declines were observed in Member States applying the payment due in 2015 (HU, IT, ES and SI). Member States with the smallest decreases (about 10%) were MT, PL, LV, DE and PT. These declines are due either to 'inactive farmers' (about 20% of the overall decrease) or farmers having withdrawn from the SFS in years 2018-2019 (nearly 80% of the overall decrease).
- "Inactive participants" may be farmers who did not apply for direct payments at all in 2019 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 (CY2017-CY2019)



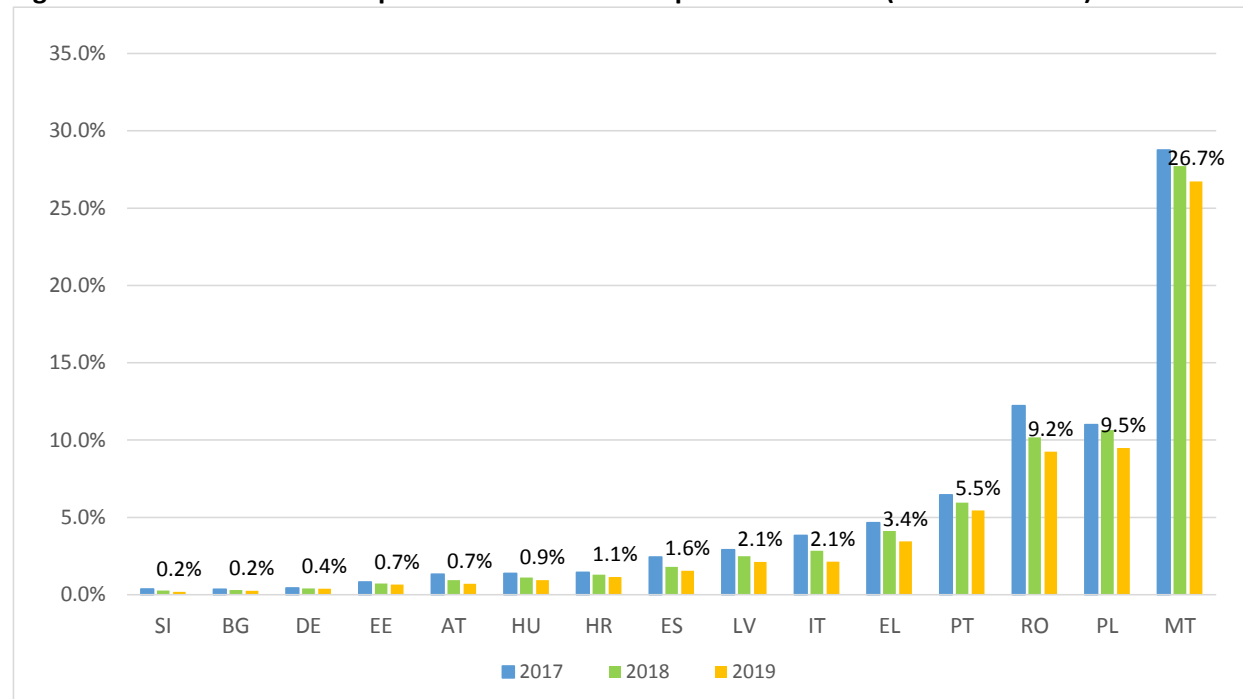
Data source: Member States' notifications in CATS.

NB: The percentages presented in this figure refer to CY2019.

The total expenditure for the SFS in CY2019 amounted to EUR 800 million (down from EUR 893 million in CY2018 and EUR 1 030 million in CY2017), representing 3.2% 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 (26.7%) in CY2019, followed by PL (9.5%) and RO (9.2%). In SI, BG, DE, EE, AT 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 DP (CY2017-CY2019)



Data source: Member States' notifications in AGREX.

NB: The percentages presented in this figure refer to CY2019.