



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

Claim year 2017

This report presents the implementation of the direct payments by Member States for claim year 2017. 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 2017, have been corrected and/or updated where relevant.

June 2019

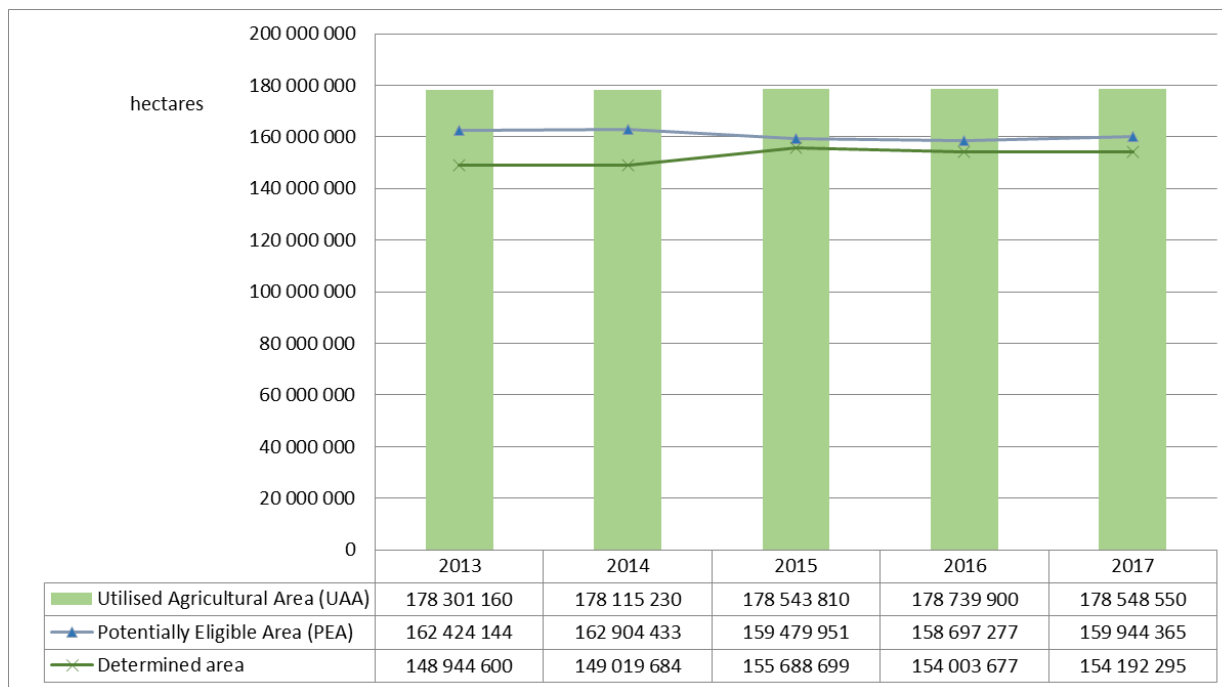
TABLE OF CONTENTS

I General implementation data.....	3
I.1. Trend in the areas receiving direct payments	3
I.2. The total agricultural area and the area under direct payments in CY2017	4
I.3. The number of admissible applicants for direct payments in CY2017	5
I.4. Direct payments expenditure per hectare by Member State in CY2017.....	6
II. The basic eligibility conditions for direct payments	7
III. The basic payment	8
III.1. The models of basic payment after the 2013 CAP reform	8
III.2 The Basic payment scheme - The internal convergence.....	9
III.3. The Basic payment scheme - Allocations from the national/regional reserve.....	10
III.4. The Single area payment scheme (SAPS).....	12
III.5. The reduction of payments and capping of basic payment.....	13
IV. Transitional national aid	14
V. The redistributive payment	15
VI. The Young farmer payment.....	17
VII. The Voluntary coupled support.....	22
VII.1 Sectors supported.....	22
VII.2 Financial execution	23
VII.3 Total number of beneficiaries.....	24
VII.4. Total number of hectares and animals paid	24
VIII. The Small farmers scheme.....	25

I GENERAL IMPLEMENTATION DATA

I.1. Trend in the areas receiving direct payments

Graph 1.1: Trend in direct payments areas



- The **Potentially Eligible Area** (PEA) of direct payments (DP) remains relatively stable between claim years (CY)2015 and CY2017 (+0.3%), whereas it slightly decreased between CY2014 and CY2015 (-2.1%) following the 2013 CAP reform due to the exclusion of ineligible features in one Member State (correction following an audit).
- The PEA covers about 90% of the **Utilised Agricultural Area** (UAA) across the EU-28 Member States.
- In 2017, the **determined area** slightly decreased by 1% compared to CY2015, whereas it remains higher by 3.4% compared to CY2014.
- In CY2017, the determined area is only 3.6% below the PEA (8.5% below in CY2014). The gap between the determined area and the PEA indeed reduced significantly from 2015 as one of the achievements of the 2013 CAP reform - i.e. to cover as much as possible the potentially eligible agricultural area with direct payments (including in Member States applying payment entitlements (PEs) based system).
- The determined area is still 13.6% below the UAA, but it was 16% below in CY2014.

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 CY2017), the Single area payment scheme (SAPS) (all years) and the Small farmers scheme (SFS) (from CY2015 to CY2017). They do not cover the potential area declared by farmers who applied only for certain coupled payments (like cotton payments, voluntary coupled support...), which is marginal. Discrepancy between the UAA and PEA or determined area can be explained 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)

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

I.2. The total agricultural area and the area under direct payments in CY2017

Table 1.1: Total agricultural areas, Potentially eligible areas and Determined areas 2017

in hectares		2017						
		Utilised Agricultural Area	Potentially Eligible Area (BPS/SAPS + SFS)	Determined Area (BPS/SAPS + SFS)	Difference between Determined and PEA	% Difference /PEA	Difference between Determined and UAA	% Difference /UAA
BE	BPS	1 329 150	1 373 552	1 322 035	-51 517	-4%	-7 115	-1%
DK	BPS	2 631 300	2 583 093	2 572 718	-10 375	0%	-58 582	-2%
DE	BPS	16 687 300	16 864 707	16 745 614	-119 094	-1%	58 314	0%
IE	BPS	4 470 240	4 630 032	4 398 812	-231 220	-5%	-71 428	-2%
EL	BPS	5 150 690	3 737 488	3 727 585	-9 903	0%	-1 423 105	-28%
ES	BPS	23 840 700	21 070 074	19 084 217	-1 985 857	-9%	-4 756 483	-20%
FR	BPS	29 101 330	26 685 204	25 738 386	-946 817	-4%	-3 362 944	-12%
HR	BPS	1 496 660	1 076 428	1 056 392	-20 035	-2%	-440 268	-29%
IT	BPS	12 843 320	10 441 114	9 546 749	-894 364	-9%	-3 296 571	-26%
LU	BPS	131 160	122 561	120 772	-1 790	-1%	-10 388	-8%
MT	BPS	11 580	7 844	7 736	-108	-1%	-3 844	-33%
NL	BPS	1 789 990	1 771 010	1 723 897	-47 113	-3%	-66 093	-4%
AT	BPS	2 655 560	2 570 852	2 259 848	-311 004	-12%	-395 712	-15%
PT	BPS	3 602 680	2 972 045	2 769 592	-202 453	-7%	-833 088	-23%
SI	BPS	481 420	455 441	445 436	-10 006	-2%	-35 984	-7%
FI	BPS	2 272 200	2 254 354	2 251 743	-2 611	0%	-20 457	-1%
SE	BPS	3 011 370	2 942 341	2 909 236	-33 104	-1%	-102 134	-3%
UK	BPS	17 360 000	14 885 298	14 226 462	-658 835	-4%	-3 133 538	-18%
BPS member States		128 866 650	116 443 437	110 907 230	-5 536 207	-5%	-17 959 420	-14%
BG	SAPS	5 029 530	3 804 861	3 768 609	-36 252	-1%	-1 260 921	-25%
CZ	SAPS	3 521 330	3 531 452	3 529 324	-2 129	0%	7 994	0%
EE	SAPS	1 002 240	960 328	956 243	-4 085	0%	-45 997	-5%
CY	SAPS	122 830	138 668	137 048	-1 621	-1%	14 218	12%
LV	SAPS	1 932 200	1 711 435	1 708 571	-2 864	0%	-223 629	-12%
LT	SAPS	2 935 310	2 840 685	2 828 360	-12 325	0%	-106 950	-4%
HU	SAPS	5 352 280	4 952 883	4 934 685	-18 198	0%	-417 595	-8%
PL	SAPS	14 497 600	14 262 628	14 187 365	-75 264	-1%	-310 235	-2%
RO	SAPS	13 377 930	9 427 908	9 374 530	-53 377	-1%	-4 003 400	-30%
SK	SAPS	1 910 650	1 870 079	1 860 330	-9 749	-1%	-50 320	-3%
SAPS Member States		49 681 900	43 500 928	43 285 065	-215 863	0%	-6 396 835	-13%
EU-28		178 548 550	159 944 365	154 192 295	-5 752 070	-4%	-24 356 255	-14%

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.

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

I.3. The number of admissible applicants for direct payments in CY2017

- 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 coupled support). The number of “admissible applicants”(*) decreased by 8.1% between CY2015 and CY2017.
- The sharpest decrease is observed in some Member States that apply the BPS: IT (-19.2%), ES (-17.6%), FR (-10%) and EL (-9.6%) and in one Member State applying the SAPS: EE (-12.2%). Depending on the Member States, the decrease is, among other factors, due to overall decrease of farmer population (retirement...), due to the high drop in the number of the SFS participants not joining other schemes (IT, EL: see section VIII) or due to stricter maintenance criteria for permanent grassland and an increase of small farms merging (EE). Moreover, an increase in the minimum requirement (from EUR 100 to EUR 300 in ES and from 250 to EUR 300 in IT) is also an important factor explaining decrease of applicants.
- On the contrary, the number of applicants has increased in SK (+3.9%), CZ (+3.1%), BG (+2.3%), IE (+2.2%) and HR (+1.2%). It has to be noted that the average farm size in SK and CZ is among the highest across the EU-28 Member States, which explains the relatively low absolute number of admissible applicants in these countries.
- In most BPS Member States, the decrease in number of beneficiaries (on average -11.2% between 2015 and 2017) is often associated with a decrease in the area, but in much lower proportions (on average -1.7%). In most SAPS Member States, where the number of beneficiaries decreased slightly (-2.5% on average), the determined area rather tended to increase (+1% on average).

NB: The "admissible applicants" correspond to the number of farmers applying for the BPS, SAPS, SFS, VCS only and cotton payments.

(*) An "admissible applicant" is a farmer whose aid application for direct payments was admissible at the time of submission and remained admissible following the administrative checks.

Table 1.2: Number of admissible applicants from CY2015 to CY2017 and evolution of the area determined (from 2015 to 2017)

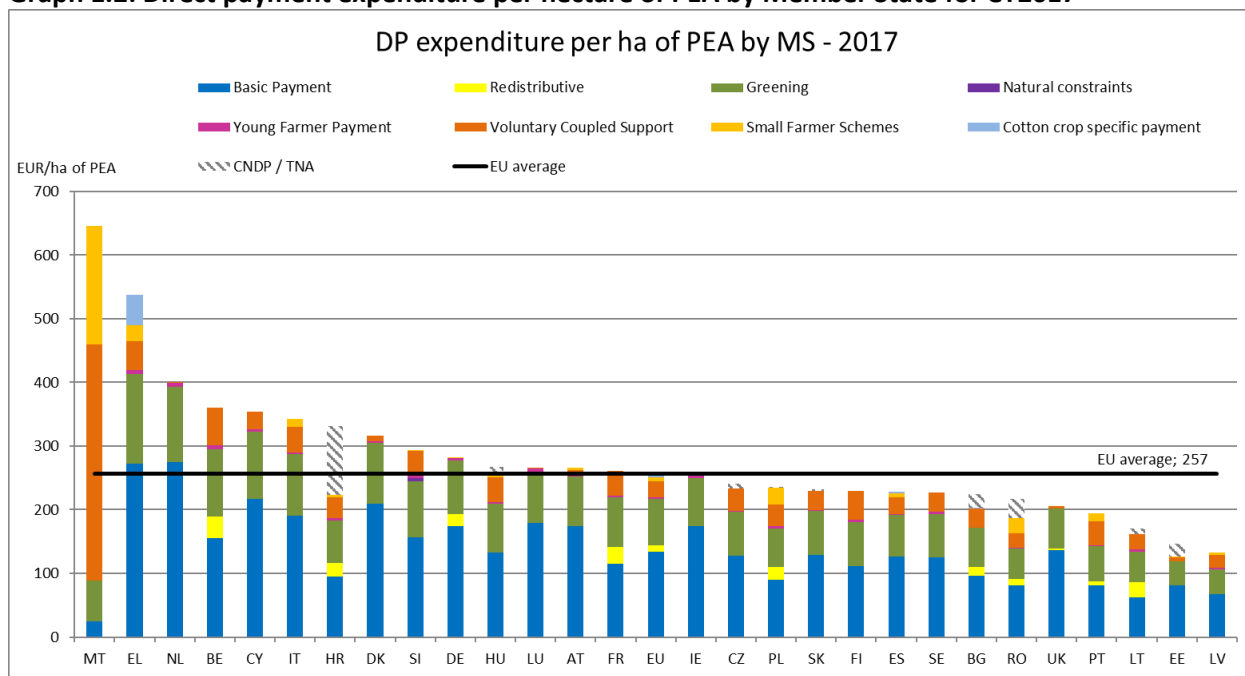
MS/Regions	Number of admissible applicants CY2015	Number of admissible applicants CY2016	Number of admissible applicants CY2017	2015-2017 %	Ha determined change 2015/2017
BE FI	22 512	22 154	21 246	-5.6%	-0.8%
BE W	13 169	12 977	12 894	-2.1%	
DK	40 797	39 531	38 638	-5.3%	-0.7%
DE	321 388	316 897	313 917	-2.3%	-0.7%
IE	126 762	124 390	129 558	2.2%	-0.1%
EL	685 508	646 380	619 772	-9.6%	-2.2%
ES	792 756	719 338	653 390	-17.6%	-1.5%
FR	354 441	330 591	318 962	-10.0%	-1.3%
HR	98 691	97 019	99 850	1.2%	4.2%
IT	1 002 205	898 695	809 764	-19.2%	-5.2%
LU	1 824	1 780	1 756	-3.7%	-1.2%
MT	5 336	9 670	5 221	-2.2%	-5.5%
NL	45 847	45 776	44 960	-1.9%	-0.6%
AT	109 472	108 607	107 380	-1.9%	-11.4%
PT	157 928	153 172	153 602	-2.7%	0.1%
SI	56 794	56 621	56 440	-0.6%	-0.9%
FI	61 000	59 730	58 124	-4.7%	-0.4%
SE	60 246	58 555	57 937	-3.8%	-0.8%
UK E	87 109	85 658	84 911	-2.5%	
UK NI	23 788	24 220	24 072	1.2%	-1.9%
UK S	19 051	18 137	18 321	-3.8%	
UK W	15 427	15 395	15 494	0.4%	
BPS MS total	4 102 051	3 845 293	3 646 209	-11.1%	-1.7%
BG	65 642	67 836	67 183	2.3%	3.2%
CZ	28 904	29 584	29 802	3.1%	-0.3%
EE	17 100	15 542	15 019	-12.2%	0.8%
CY	33 501	33 797	32 868	-1.9%	2.0%
LV	61 111	59 744	58 484	-4.3%	3.3%
LT	136 223	134 069	127 470	-6.4%	0.9%
HU	175 278	174 635	173 752	-0.9%	-0.2%
PL	1 346 848	1 344 911	1 336 349	-0.8%	0.4%
RO	881 989	844 460	834 166	-5.4%	2.1%
SK	18 142	18 978	18 845	3.9%	0.2%
SAPS MS total	2 764 738	2 723 556	2 693 938	-2.6%	1.0%
EU 28 total	6 901 177	6 568 849	6 340 147	-8.1%	-1.0%

Data source: Member States' notifications in CATS. For SI 2015 number of VCS only applicants, data from 2016 is used

I.4. Direct payments expenditure per hectare by Member State in CY2017

- In CY2017, the average support granted per hectare of area declared by farmers (PEA) amounts to **257 EUR/ha**, including the crop-specific payment for cotton and the possible national "top-ups" (i.e. support, which is not direct payments: the Complementary National Direct Payments for HR and the Transitional National Aid for SAPS Member States (except for LV)).
- The average DP/ha ranges from 132 EUR/ha in LV to 645 EUR/ha in MT.
- The part of each direct payments scheme differs depending on the initial financial allocation (fixed at EU level) and on decisions by the Member States¹.
- The basic payment (BPS or SAPS) represents on average 52% of the direct payments expenditure in CY2017 (without national "top-ups").

Graph 1.2: Direct payment expenditure per hectare of PEA by Member State for CY2017*



* These levels do not reflect the actual payments per hectare, because the animal-based Voluntary coupled support payments are included on a per hectare basis. The actual payment can be lower for Member States where the share of coupled support is high, like in MT.

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

CNDP: Complementary National Direct Payments. TNA: Transitional National Aid.

The SFS is financed by a share of the envelope of each other scheme.

Those amounts do not take into account the amounts transferred to Rural Development programmes further to the flexibility between pillars, but include the amounts transferred from Rural development to direct payments. The data do not cover the programmes for outermost regions (POSEI), the measures in favour of the smaller Aegean islands nor the reimbursement of financial discipline.

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

NB: The PEA does not cover the potential area declared by farmers who applied only for certain cotton payments and/or for voluntary coupled support without applying for basic payment. This area is marginal.

¹ For more information on the decisions taken by Member States on direct payments, see the document "Direct payments 2015-2020 Decisions taken by Member States". https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/simplimentation-decisions-ms-2018_en.pdf

II. THE BASIC ELIGIBILITY CONDITIONS FOR DIRECT PAYMENTS

- **The basic eligibility conditions for benefitting from direct payments are²:**
 - 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.³
- **Other eligibility conditions** are added for specific schemes (e.g. greening, young farmer payment...).

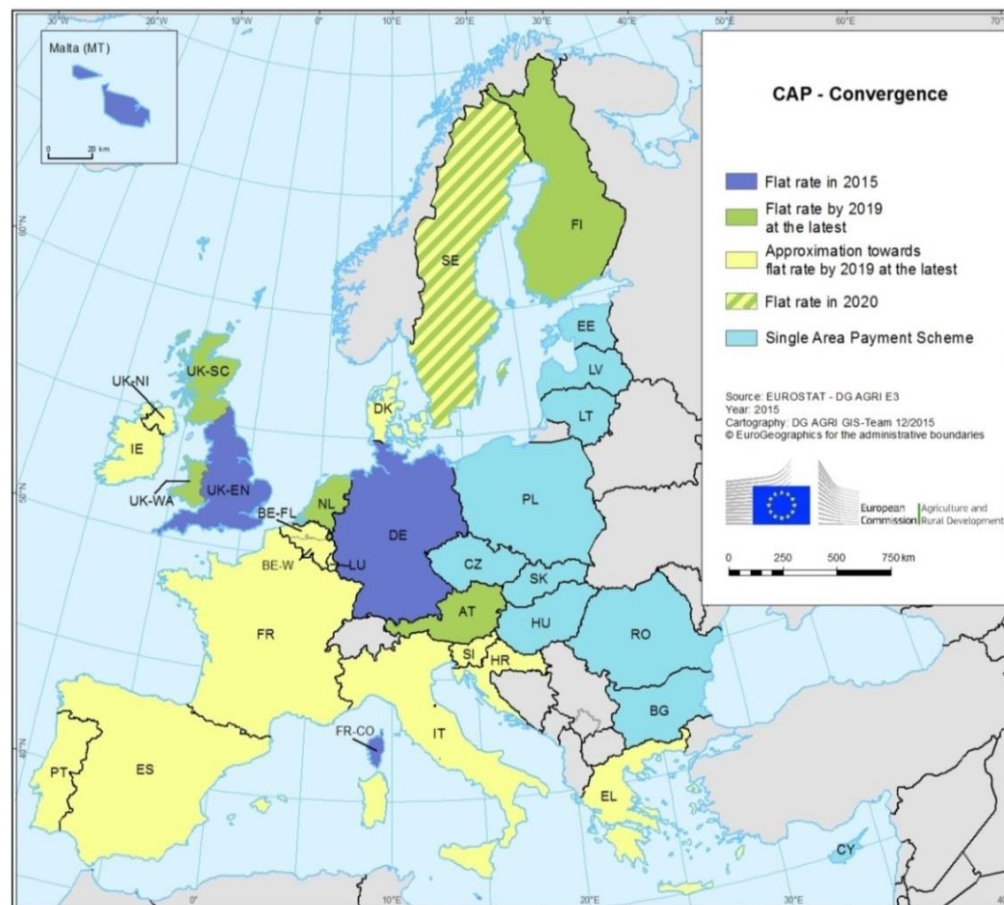
² For more information on eligibility: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/direct-payments-eligibility-conditions_en.pdf

³ 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.

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.
- Eighteen 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 ten 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**⁴, 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**"⁵:
 - In DE and UK-England, it is applied at regional level (i.e. different flat-rate payments in different regions).
 - In addition, DE will move to 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 apply a **partial convergence by 2019**.
 - EL and ES will apply it at regional level.
 - SE will close 5/6 of the gap to 100% of 2019 average by 2019 and will move to a flat-rate from 2020.



Data source: Member States' notifications in ISAMM.

⁴ 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

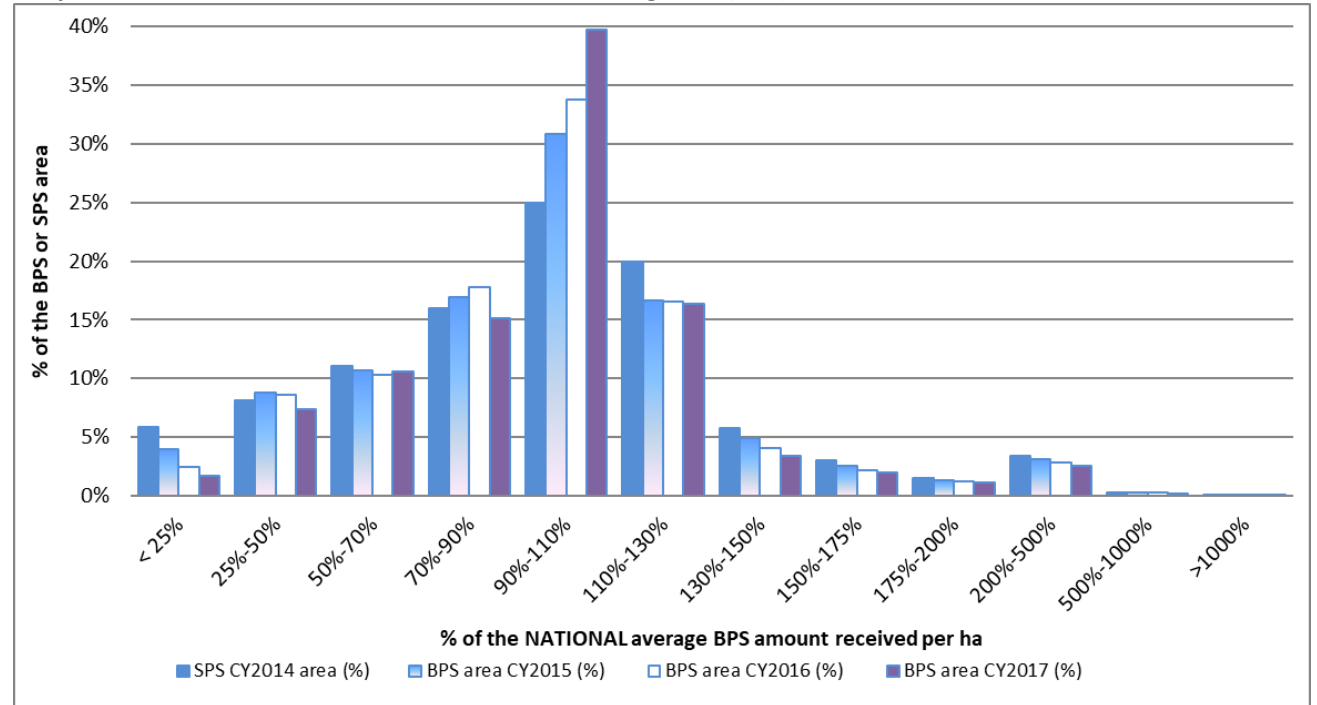
⁵ For more information on the internal convergence, see the document "Direct Payments: the Basic Payment Scheme from 2015. Convergence of the value of payment entitlements ('Internal Convergence')" at https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/internal-convergence_en.pdf

III.2 The Basic payment scheme - The internal convergence

- In the eighteen 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).
- The graph 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 nearly 40% in 2017) and is on its way to reach a higher level up to CY2019. However, some significant differences in BPS amounts per hectare will remain in CY2019 in the Member States applying the partial convergence.

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.

Graph 3.1: Distribution around the NATIONAL average BPS(SPS) amount/hectare CY2014-CY2017



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

BPS: The Basic payment scheme.

NB: The graph is based on CATS data for financial years (FY) up to FY2018 covering up to CY2017 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 CY2017. 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).

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

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**⁶ 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 2017, **57 290 farmers** entered the BPS via the reserve (representing nearly 2% of all BPS beneficiaries, compared to 3.15% in CY2015 and less than 1% in 2016) of which **24 683** are **young farmers**. The area of farmers entering the BPS via the reserve represents 0.62% of the total area determined in 2017.
 - Nearly one third of the total number of farmers who entered the BPS via the reserve came from **HR** (17 844 farmers). However, only 10% of the farmers entering the BPS via the reserve are young farmers in HR.
 - The highest shares of young farmers among the farmers "entering" the BPS via the reserve are found in **BE** (more than 90%), **NL** (89%), **IE** (88%) and **LU** (87%).

Table 3: Number of farmers and number of hectares "entering" the BPS via the reserve (CY2017)

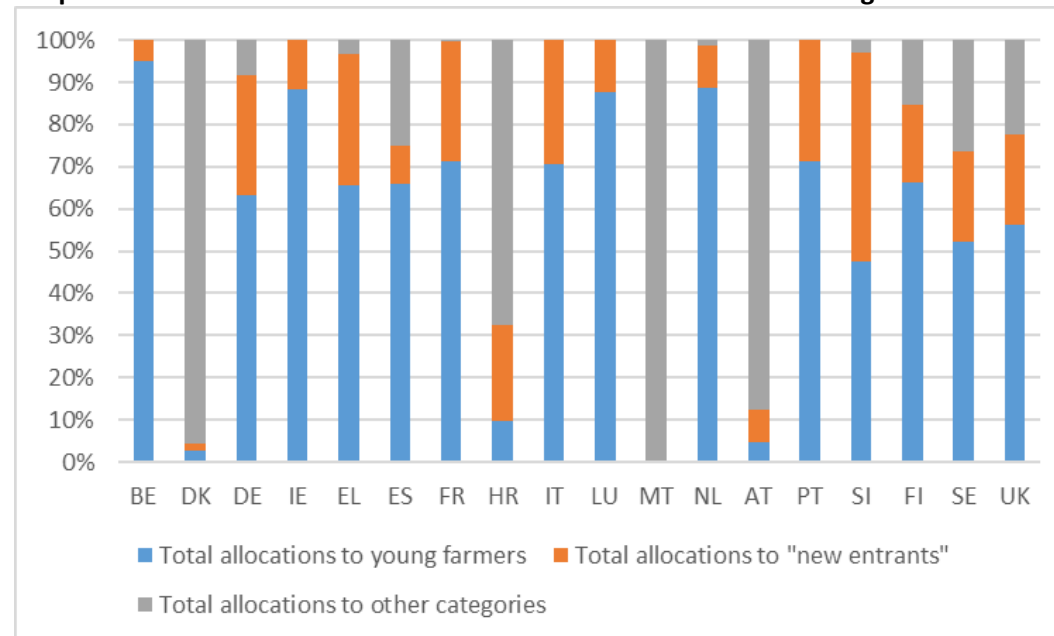
MS/REGION	"Entry" in the BPS via the reserve		Total in the BPS (incl. SFS)		Share of the "entry" via the reserve compared to the total	
	Number of farmers	Number of hectares	Number of farmers	Number of hectares	Number of farmers	Number of hectares
AT	597	43 797	107 125	2 259 848	0.56%	1.94%
BE Flanders	46	1 779	21 208	585 477	0.22%	0.30%
BE Wallonia	13	709	12 848	736 557	0.10%	0.10%
DE	1 532	26 676	313 917	16 745 614	0.49%	0.16%
DK	44	994	38 460	2 572 718	0.11%	0.04%
EL	22 492	97 721	616 357	3 727 585	3.65%	2.62%
ES	1 277	102 693	646 234	19 084 217	0.20%	0.54%
FI	41	2 134	50 295	2 251 743	0.08%	0.09%
FR - Corse	110	10 878	2 017	145 841	5.45%	7.46%
FR - Hexagone	1 651	87 552	315 144	25 592 545	0.52%	0.34%
HR	17 844	44 006	98 572	1 056 392	18.10%	4.17%
IE	591	13 086	129 558	4 398 812	0.46%	0.30%
IT	8 612	169 036	807 544	9 546 749	1.07%	1.77%
LU	3	110	1 755	120 772	0.17%	0.09%
MT	85	63	5 070	7 736	1.68%	0.81%
NL	101	2 996	44 898	1 723 897	0.22%	0.17%
PT	628	40 293	149 648	2 769 592	0.42%	1.45%
SE	511	10 325	57 769	2 909 236	0.88%	0.35%
SI	546	2 449	56 358	445 436	0.97%	0.55%
UK England	177	6 199	84 911	8 233 146	0.21%	0.08%
UK Northern Ireland	86	1 789	24 072	936 115	0.36%	0.19%
UK Scotland	158	7 642	18 228	3 694 218	0.87%	0.21%
UK Wales	145	3 482	15 494	1 362 983	0.94%	0.26%
Total MS	57 290	676 408	3 617 482	110 907 228	1.58%	0.61%

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

⁶ "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**⁷ in CY2017 in terms of amounts allocated consists of:
 - 59% to young farmers,
 - 24% to "new entrants",
 - 17% 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)).
- Nine MS (BE, IE, EL, ES, FR, HR, IT, LU and UK Sc, Wal and Nir) implement both new allocations and increase of the value of the existing PE.
- In **DK**, 95% of allocations are used to linearly increase the value of all PEs (pursuant to Article 30(7)(e)).
- In **HR**, 21 % of allocations are for farmers to prevent land from being abandoned (Article 30(7)(a)), nearly 46% for farmers with a specific disadvantage (Article 30(7)(b)) and around 10 % for young farmers.
- In **MT**, the majority of the allocation are for farmers to prevent land from being abandoned (Article 30(7)(a)); the rest is used to linearly increase the value of all PEs (pursuant to Article 30(7)(e)).
- In **AT**, allocations from the reserve are mainly (88%) for farmers with a specific disadvantage (Article 30(7)(b)).

Graph 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).

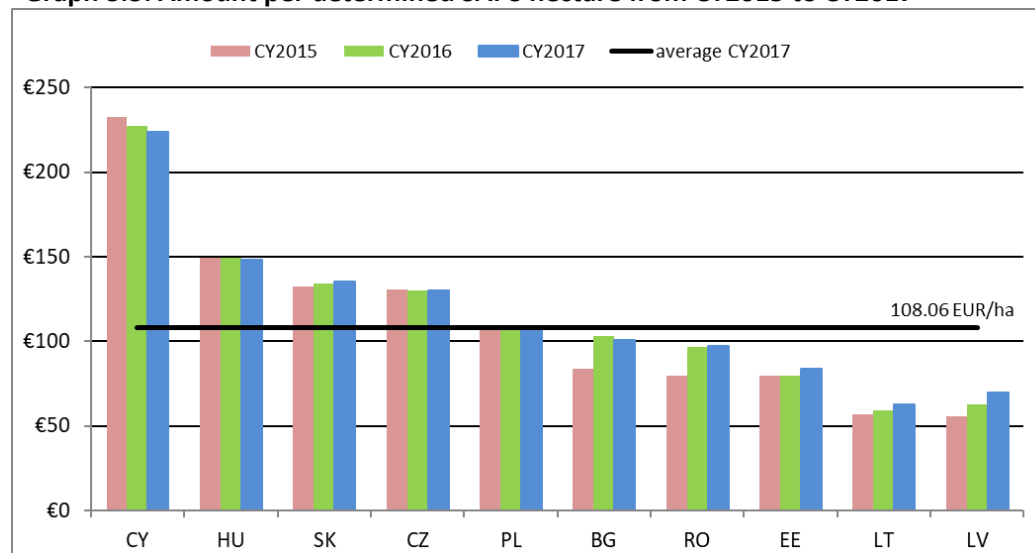
⁷ This includes the allocations of new entitlements and the increase of value of the existing entitlements. In some cases, Member States provided the information cumulatively from 2015, while most of the Member States provided information in respect of amounts for which allocation was claimed in the year 2017.

III.4. The Single area payment scheme (SAPS)

- The **Single area payment scheme (SAPS)** is implemented by ten Member States applying SAPS in 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 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 SAPS (incl. the SFS), see sections I.2 and I.3 above.
- On average, the determined SAPS amount⁸ is **EUR 108.1** per hectare in CY2017 (+5% compared to 102.5 EUR/ha in CY2015).
- However, differences persist at Member State level: CY, HU, SK and CZ have amounts per hectare above the average of SAPS Member States, while LT and LV have amounts significantly below that average. Such differences can be explained by the difference in the proportion between the financial envelope and the agricultural area, the chosen flexibility towards (or from) rural development (RD) (CZ, RO, EE, LT and LV have transferred DP amounts to RD) and by the policy choices made by the SAPS Member States for other DP 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 (22.82% of farmers eligible for SAPS participate in the SFS). As a result, the SAPS amount remaining for farmers not participating in this scheme is also relatively low.
- Finally, Voluntary Coupled Support (VCS) complements SAPS payments in some specific sectors (see MS details in section VIII).

Graph 3.3: Amount per determined SAPS hectare from CY2015 to CY2017



Data source: Member States' notifications in CATS.

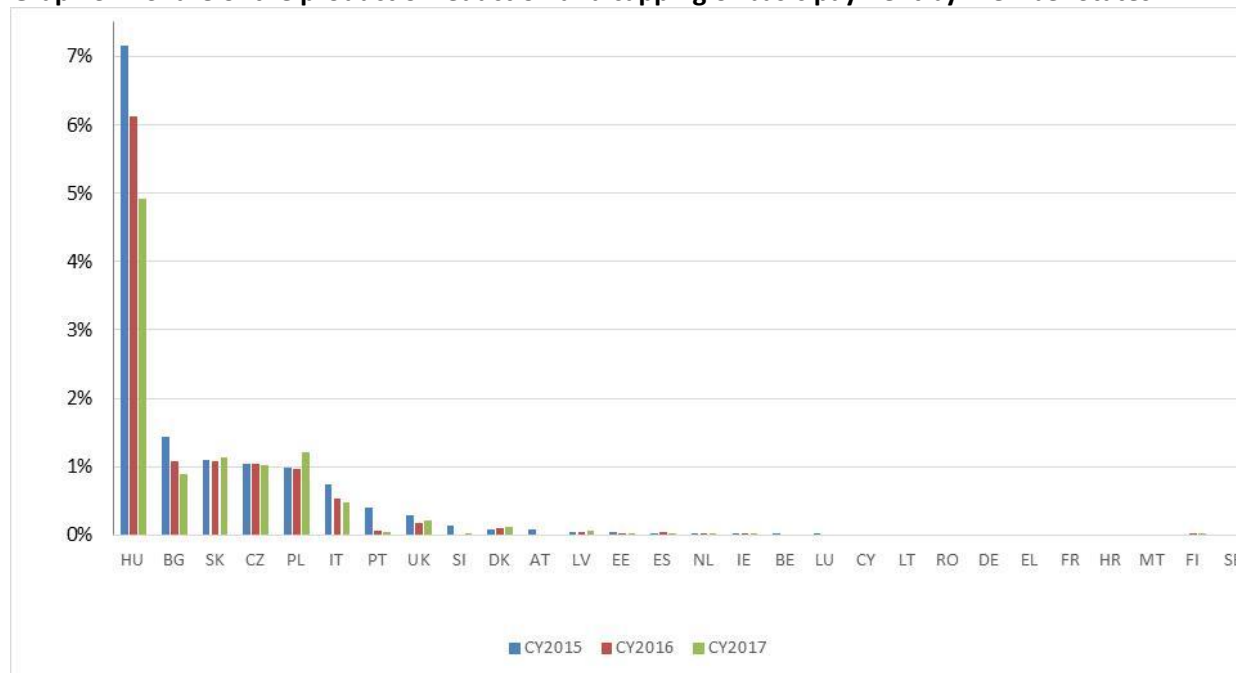
⁸ This amount is calculated by dividing the total amount determined under SAPS (before penalties) by the total number of hectares determined under SAPS. It corresponds to the payments to be made under SAPS, and does not include the amounts or hectares determined under the SFS.

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, DE, FR, HR, LT, PL¹⁰ and RO).

- In CY2017, the product of the reduction and capping amounted to EUR 74 million, representing 0.35% of the basic payment expenditure (compared to EUR 98 million or 0.44% in CY2015).
- This product has remained generally low with the exception of HU (see [graph 3.4](#)), where the product of reduction and capping (set at EUR 176 000) represents 5% of the SAPS envelope in CY2017 (7% in CY2015).
- The difference between the percentage of the reduction and capping between CY2015 and CY2017 can be explained by an increase in the basic payment envelope in SAPS Member States (BG), and possibly by a decrease in the value of high-value payment entitlements due to the internal convergence in BPS Member States (IT, PT, SI and the UK).

Graph 3.4: Share of the product of reduction and capping of basic payment by Member States



Data source: Member States' notifications in AGREX.

⁹ 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

¹⁰ 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 CY2017, the TNA is granted in all SAPS Member States, except for LV (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 objective of TNA is to avoid a sudden and substantial decrease of support for those sectors. The level of support available under the TNA is to be steadily decreased annually.
- In total, ten SAPS Member States decided to grant **EUR 739.95 million** in TNA for CY2017 (13% of this amount is paid as coupled support). However, due to budgetary restrictions, Latvia ended up not granting any TNA for CY2017. In addition, for the other nine SAPS Member States, implementation data show an under-execution: according to the information available only **EUR 558.6 million** are **actually paid** (16% of this amount is paid as coupled support). Compared to CY2016, the total amount paid slightly decreased.
- The execution rate of coupled payments in these 9 MS is higher than that of decoupled payments (94% of amounts available as coupled TNA was paid, while in the case of decoupled payments, the execution rate is 75%).

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

MS	Sector	Number of beneficiaries in 2017	Amount paid (000 EUR)	execution rate = amount paid / amount decided
Bulgaria	Bovine animals (decoupled)	5 370	€ 21 188.14	99%
	Sheep and goat (coupled)	8 206	€ 17 399.81	98%
	Tobacco (decoupled)	41 323	€ 43 190.06	82%
Czech Republic	Decoupled area payment	25 512	€ 21 631.21	100%
	Hops	116	€ 915.20	100%
	Potato starch	167	€ 1 431.49	99%
	Ruminants	8 536	€ 3 219.87	100%
	Sheep and goat (coupled)	3 002	€ 42.83	98%
	Suckler cows (coupled)	7 182	€ 840.43	100%
Hungary	Beef (decoupled)	6 778	€ 9 083.00	73%
	Cattle extensification (decoupled)	1 837	€ 7 450.00	83%
	Ewe (coupled)	7 285	€ 53.59	78%
	Ewe (decoupled)	648	€ 1 062.00	78%
	Milk	4 343	€ 34 738.00	99%
	Suckler cows (coupled)	6 015	€ 7 001.85	78%
	Tobacco (Burley) - decoupled	604	€ 2 985.90	96%
Tobacco(Virginia) - decoupled	356	€ 7 099.50	98%	
Lithuania	Bulls 1	19 056	€ 9 610.07	63%
	Ewe (coupled)	1 440	€ 147.57	96%
	Milk	27 404	€ 15 984.75	100%
	Protein crops	4 519	€ 1 016.64	73%
	Suckler cows (decoupled)	10 407	€ 3 493.73	46%
Poland	Tobacco (group I- Virginia)	8 084	€ 19 845.00	99%
	Tobacco (group of varieties II, III, IV)	5 540	€ 11 063.00	98%
Romania	Beef and veal (decoupled)	138 774	€ 103 346.62	102%
	Decoupled area payment	645 360	€ 108 856.11	98%
	Decoupled payment for dairy	53 312	€ 23 553.17	98%
	Decoupled sugar beet payment	9 147	€ 1 935.77	98%
	Flax and hemp (decoupled)	9	€ 3.05	43%
	Hops	4	€ 96.47	88%
	Sheep and goat (coupled)	51 645	€ 50 290.50	99%
	Tobacco (decoupled)	291	€ 1 571.14	95%
Slovakia	Sheep and goat (coupled)	1 479	€ 2 667.46	98%
	Suckler cows (coupled)	1 425	€ 2 516.54	98%
Estonia	Arable crops	4 485	€ 5 995.84	100%
	Cattle	2 034	€ 3 355.22	95%
	Ewe (coupled)	722	€ 389.22	89%
	Ewe (decoupled)	423	€ 44.63	94%
	Milk	932	€ 8 055.98	95%
	Seeds	37	€ 16.21	100%
Cyprus	Suckler cows (coupled)	1 530	€ 1 378.91	99%
	Sheep and goat (coupled)	2 509	€ 4 084.81	96%

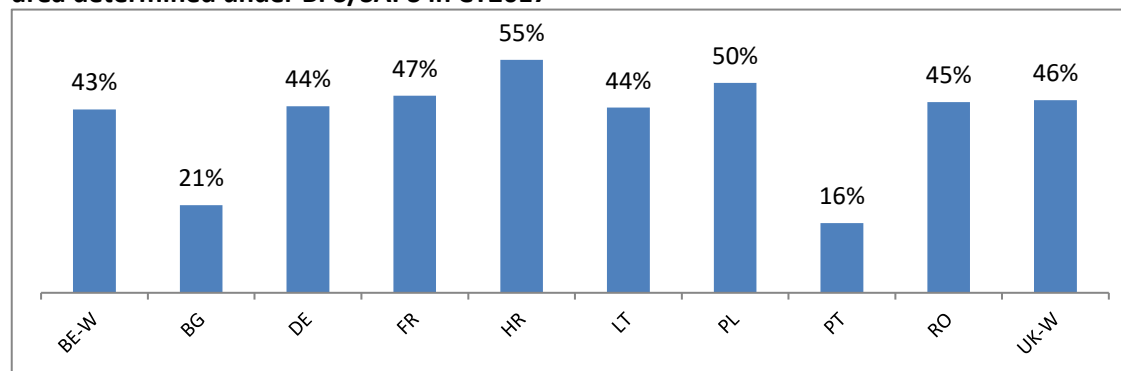
Data source: Member States' notifications in ISAMM.

V. THE REDISTRIBUTIVE PAYMENT

- In CY2017, 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 0.5% (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 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 (unless, Member States grant the SFS as a lump-sum payment (PT, LV¹²)).
- In [graph 5.1](#), it can be observed that in most of these Member States the RP is paid for approximately 50% of the basic payment (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, tranches to modulate the redistribution.

Graph 5.1: Share of the area determined under the RP (incl. SFS) in comparison to the total area determined under BPS/SAPS in CY2017



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

¹¹ 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

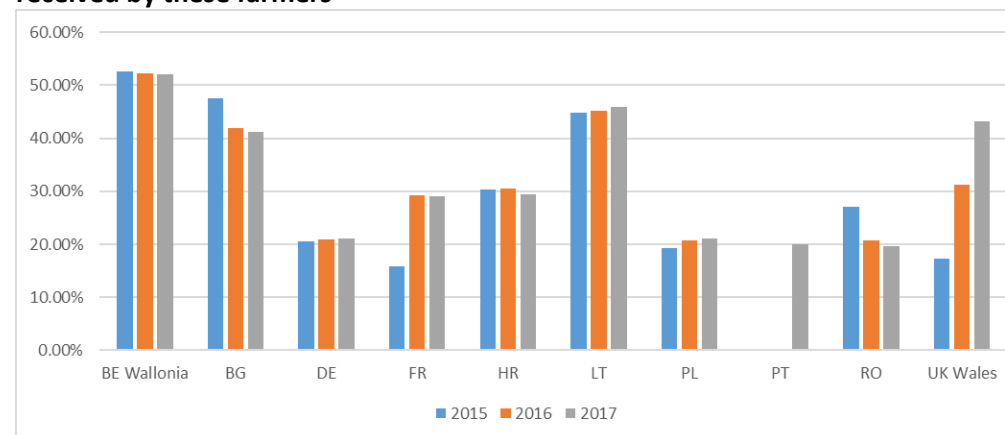
¹² LV does not apply the redistributive payment.

- As regards the RP unit rate, Member States could fix an amount up to 65% of the average national/regional direct payment per hectare.
- However, this maximum amount is not used. The percentage went from 0% for the first tranche in PL to 39% in UK-Wales
- In CY2017, the actual unit rates per hectare are as follows:

Table 5: Unite rate chosen by MS/region 2017

MS	threshold / tranche	Unit rate CY2017
BE-W	0 - 30ha	124.5
BG	0 - 30ha	71.44
DE	0 - 30ha	30.28
DE	30.01 - 46ha	50.48
FR	0 - 52ha	49.73
HR	0 - 20ha	74.95
LT	0 - 30ha	56.25
PL	0 - 3ha	0
PL	3.01 - 30ha	41.13
PT	0 - 5 ha	50
RO	0 - 5 ha	5
RO	5.01 - 30 ha	48.33
UK-W	0 - 54ha	76.52

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



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, greening payment, redistributive payment and, where relevant, payment for young farmers.

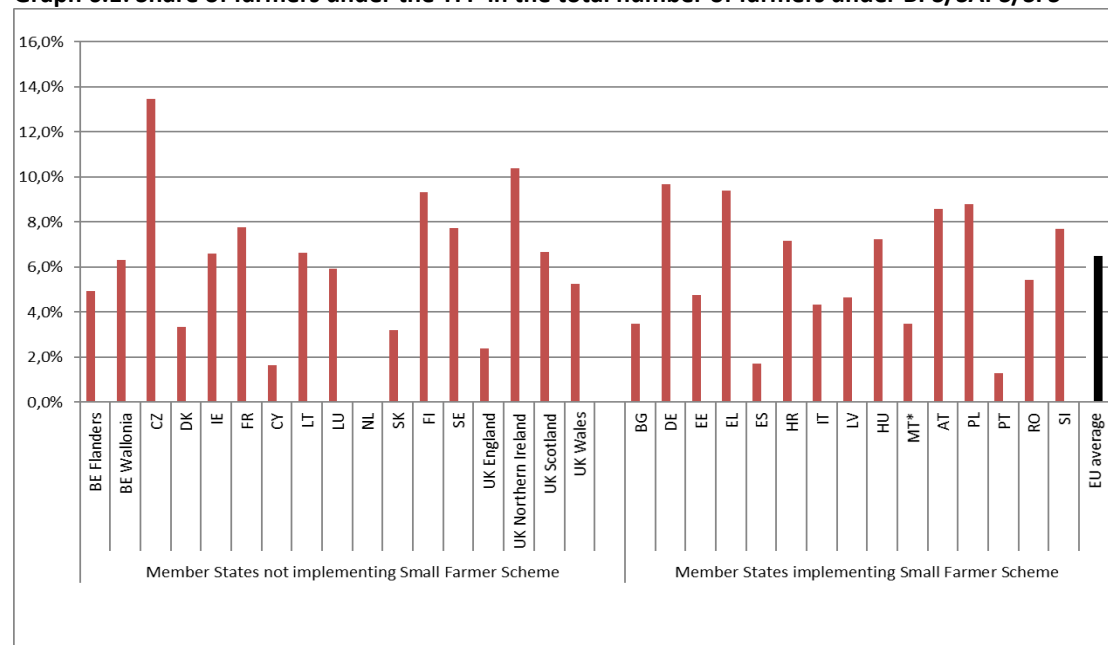
Data source: Member States' notifications in CATS

- The share of the redistributive amount received by the eligible farmers for the redistributive payments compared to the total amounts received by these farmers (BPS/SAPS and YF) show that a very significant share is constituted by the redistributive support. It goes from around 20% in 2017 for PT, PL, DE and RO to more than 40% for BE-W, BG, LT and UK-W.

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 (incl. the basic payment, greening...), is limited to a maximum period of **5 years** following the setting-up.

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



Data source: EMember States' notifications in CATS. Note: the chart includes data from the Small Farmers Scheme (total beneficiaries and young farmer beneficiaries). 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)

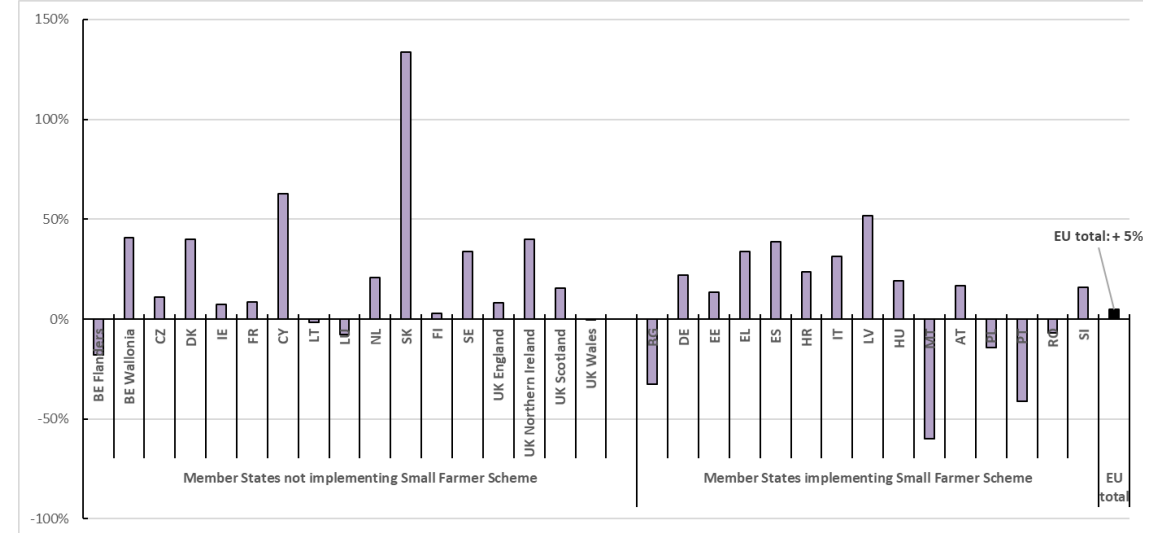
- In CY2017, **almost 410 000** young farmers, or **6.5% of the BPS/SAPS/SFS applicants**, benefited from the YFP in the EU-28 Member States (see [graph 6.1](#))¹⁴. This is an increase of about 5% in comparison to 2015 (see graph 6.2).
- The share of beneficiaries under the YFP remains the highest in CZ (13.5%), followed by NL (12%) and the UK-Northern Ireland (10.4%). It shows an upward trend in almost all MS and is above 6% in the majority of Member States. The share of beneficiaries under the YFP is below 3% in CY, UK-England, ES, MT and PT.
- In addition, in CY2017 more than 45 000 young farmers received allocations from the reserve in the form of new Payment Entitlements and increase in the value of existing Payment Entitlements.

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.

- In CY2017, the "top-up" payment for young farmers amounts approximately to **EUR 383 million** (0.92 % of Annex II of Regulation 1307/2013)¹⁵.
- While this number has increased both in absolute terms (+13.6% compared to 2015) and in relative terms as share of DP envelopes (from 0.82% in 2015 to 0.92% in 2017), in 2017 it still remains well below the initial estimates of Member States for that year by almost EUR 100 million. There are exceptions, such as CZ, LT, LU, FI, HU, PL and SI that exceeded – in some cases significantly – their initial estimates (even though e.g. in the case of CZ expenditure on young farmers under Pillar I YFP remains at less than 0.5% of the total Pillar I expenditure).
- Graph 6.3 shows how far each Member State is from the maximum 2% ceiling of the Young Farmer Payment and how this has evolved in the period 2015-2017. Around half of the Member States spend more than 1% on this scheme and for the majority of Member States this share has increased over the period, in some cases significantly (BE, SE, DE, NL, EL, HR, IT). On the other hand, CZ, SK, UK, BG, EE, ES and MT spend less than 0.5%.

Graph 6.2 : Percentage change in the number of young farmer beneficiaries between 2015 and 2017

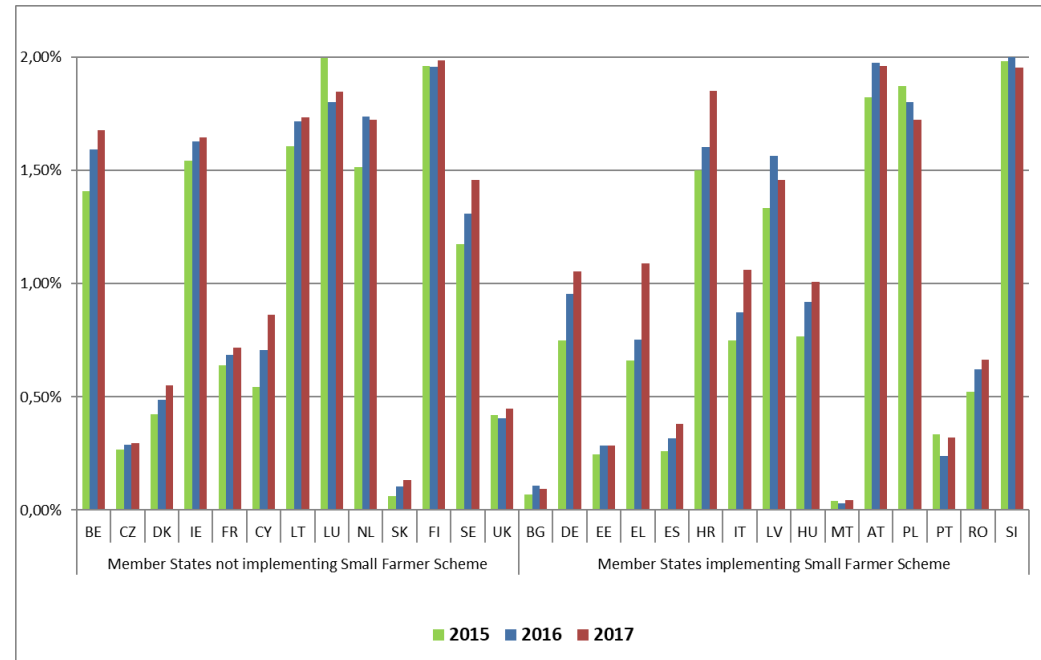


Data source: European Commission calculations based on Member States' notifications in CATS. Note: the chart includes data from the Small Farmers Scheme (total beneficiaries and young farmer beneficiaries). Due to lack of data for CY2015, the number of young farmer beneficiaries under the Small Farmer Scheme is assumed to equal that of CY2016, which may be a slight underestimate for some MS)

¹⁵ 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.

- Thus the spending under the Young Farmer Payment remains at less than half the maximum 2% that can be spent on YFP under Pillar I, which was approximately EUR 830 million in CY2017. There is thus still room for increasing the spending on this scheme in the future e.g. by using the flexibility provided for in the Omnibus Regulation to increase the percentage of the top-up and/or, where relevant, increasing the maximum number of hectares supported to the maximum of 90 hectares allowed under Article 50(9) of Regulation 1307/2013.

Graph 6.3 : Young farmer payment expenditure as a share of total Direct Payments CY2015 to CY2017

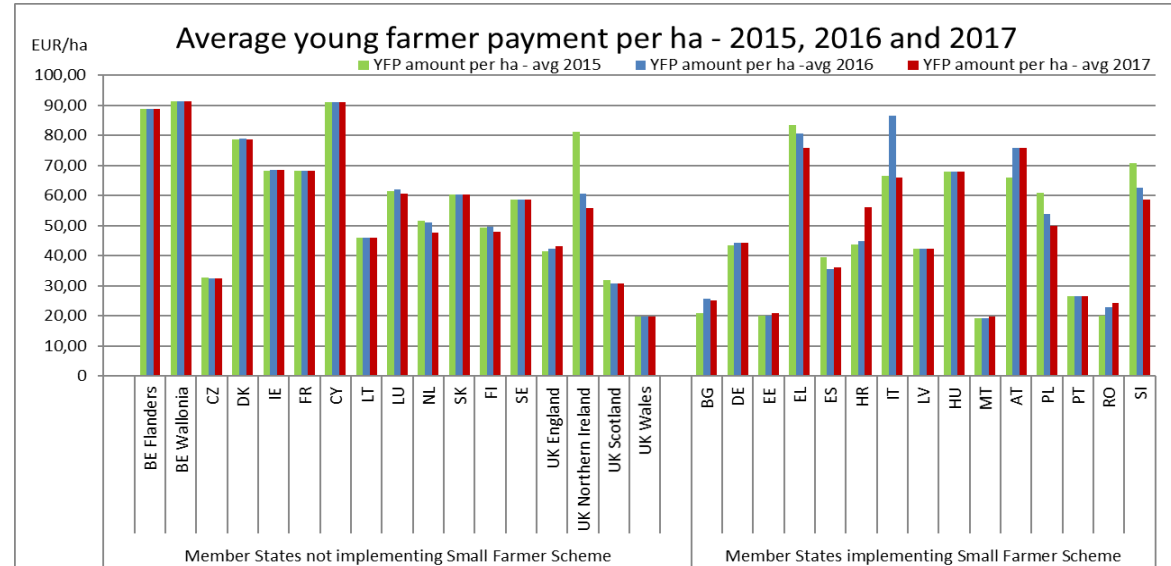


Source: Member States reporting to AGREX

Graph 6.4: Average young farmer payment per hectare from CY2015 to CY2017

The average YFP per hectare ranges from about 20 EUR/ha (in UK-Wales, BG, EE, MT, PT and RO) to around and above 80 EUR/ha (BE, DK, CY)¹⁶.

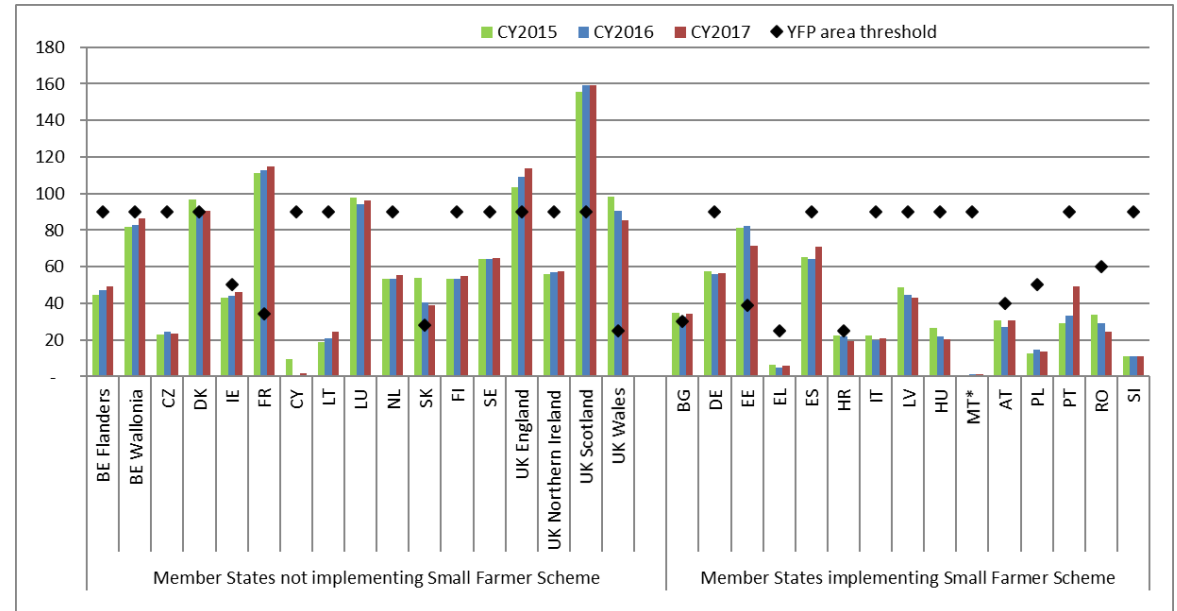
- Between CY2015 and CY2017, the average YFP per hectare remained stable in most Member States but increased significantly in AT, BG and HR, and decreased in UK-Northern Ireland, EL, PL and SI. This can be explained by different factors in different MS, including the dynamics in the number of applicants and their area, the calculation method applied by the MS and the effects of external convergence.



Data source: DG AGRI estimates based on Member States' notifications in CATS (except for NL and FI, estimates based on AGREX for expenditures and on CATS for the area determined for young farmers).

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.

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



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

- The YFP can be granted up to a certain limit in hectares set by Member States (between 25 hectares and 90 hectares)¹⁷.
- Graph 6.5 shows that in most Member States, the area limit has been set at 90 hectares.
- In some Member States, it has been decided to set the area limit at a level well below 90 hectares allowed (and below the average farm size of young farmers in FR, SK, UK (England, Scotland and Wales)).

¹⁷ 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)**¹⁸.
- The support may only be granted to a **list of 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 the VCS, except Germany.

VII.1 Sectors supported

The EU-27 Member States implemented 261 support measures in CY2017. Though 19 Member States applied the optional review of their support decisions from CY2017¹⁹ (145 measures were modified, 19 deleted, and 20 new measures created), the total number of measures remained almost identical as in CY2016 (260).

VCS measures are distributed between the following sectors (Table 7.1), which shows no substantial differences from CY2016 either:

- beef and veal sector: support granted in 24 Member States under 54 measures for approximately 16.5 million animals;
- sheep and goat meat sector: 21 Member States granted support under 38 measures for approximately 35.4 million animals;

Table 7.1: Number of sectors covered per Member States in CY2017

	AT	BE/F	BE/W	BG	CY	CZ	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK/SE	Total number of MS	
Beef & veal	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	23
Milk & milk products																														19
Sheepmeat & goatmeat	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	21
Protein crops				√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15
Sugar beet				√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	11
Fruit & vegetables				√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	19
Cereals								√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	7
Olive oil																√	√	√	√	√	√	√	√	√	√	√	√	√	√	1
Rice									√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	7
Starch potato						√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	5
Nuts									√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	2
Grain legumes									√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	4
Seeds									√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	5
Hops						√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	5
Hemp												√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	3
Oilseeds																		√	√	√	√	√	√	√	√	√	√	√	√	1
Flax																						√	√	√	√	√	√	√	√	1
Silkworms																														1
Total nr of sectors	2	1	3	5	3	8	1	2	11	9	8	11	6	7	1	10	8	1	9	4	2	10	5	11	1	4	6	2		

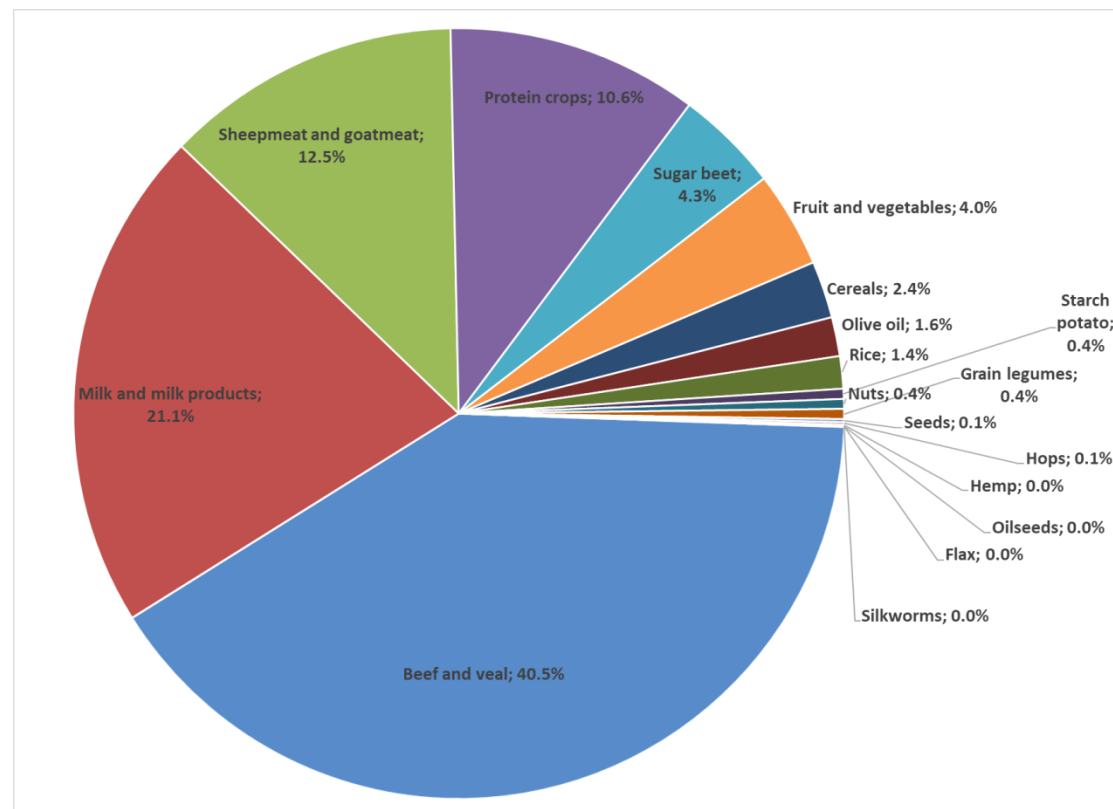
Data source: Implementation reports by Member States in CATS.

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 Further details about this review: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/voluntary-coupled-support-note-revised-aug2016_en.pdf

- fruit and vegetables sector: 19 Member States granted support under 52 measures, for approximately 0.49 million hectares;
- milk and milk products sector: 19 Member States granted support under 33 measures, for approximately 8.8 million animals;
- protein crops: 15 Member States granted support under 25 measures, for approximately 4.77 million hectares;
- sugar beet: 11 Member States granted support under 12 measures, for approximately 0.48 million hectares;
- the other, smaller sectors cover the remaining 47 measures (though no MS decided to grant any support to dried fodder, short rotation coppice and cane & chicory).

Graph 7: Sector split in terms of payments in CY2017 (in %)



Data source: Implementation reports by Member States in CATS.

VII.2 Financial execution

From the EUR 4.21 billion available for VCS in CY2017, the payments amounted to EUR 4.04 billion²⁰, representing an execution rate of almost 96%. This shows small improvement from CY2016 (95%).

The sector split in terms of payments in CY2017 (Graph 7 and Table 7.2) remained relatively stable from CY2016:

- 40.5% is targeted to the beef and veal sector (EUR 1 639 million);
- 21.1% to the milk and milk products sector (EUR 853 million);

Table 7.2: VCS payments per Member States and per sector CY2017 (in million EUR)

²⁰ Only includes those payments that were declared to the Commission by the end of financial year 2018.

- 12.5% to sheep and goat meat sector (EUR 503 million);
- 10.6% to protein crops (EUR 427 million);
- The remaining 15.3% of the total VCS envelope (some EUR 620 million) is allocated to the other 17 sectors (from which no Member States decided to grant any support to dried fodder, short rotation coppice and cane & chicory).

	AT	BE/F	BE/W	BG	CY	CZ	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK/GB	Grand Total	Share of total VCS expenditure	
Beef and veal	10.8	23.8	53.2	13.2	-	23.8	23.6	-	37.4	219.5	53.2	624.1	11.3	36.0	-	104.2	19.0	-	4.0	0.4	0.6	167.5	57.9	11.9	87.4	4.0	8.7	43.8	1 639.2	40.5%	
Milk and milk products	-	-	3.2	33.5	2.9	49.5	-	5.4	-	91.3	31.7	128.2	11.8	66.3	-	94.4	26.3	-	17.0	1.5	-	149.9	12.3	89.7	-	4.7	33.4	-	853.1	21.1%	
Sheepmeat and goatmeat	0.7	-	0.6	14.1	0.7	2.6	-	-	-	53.9	163.0	2.6	126.3	2.8	21.2	-	12.5	2.4	-	0.5	0.1	1.1	4.9	33.5	47.4	-	-	5.1	7.7	503.5	12.5%
Protein crops	-	-	-	15.3	-	16.2	-	-	-	31.5	42.0	6.2	134.8	4.7	25.6	2.9	22.6	11.6	0.2	4.5	-	-	66.5	-	42.0	-	-	-	-	426.6	10.6%
Sugar beet	-	-	-	-	-	16.4	-	-	-	4.5	16.4	1.0	-	2.8	7.6	-	16.2	1.5	-	-	-	-	80.9	-	20.2	-	-	8.0	-	175.6	4.3%
Fruit and vegetables	-	-	-	38.9	0.3	8.9	-	0.5	12.8	6.3	1.2	14.5	2.3	32.7	-	10.5	4.7	-	2.3	0.9	-	12.3	3.3	7.4	-	1.9	1.5	-	163.0	4.0%	
Cereals	-	-	-	-	-	-	-	-	11.7	-	1.5	6.4	-	-	-	-	64.2	3.0	-	-	-	-	-	-	-	6.7	-	-	96.7	2.4%	
Olive oil	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66.1	-	-	-	-	-	-	-	-	-	-	-	66.1	1.6%	
Rice	-	-	-	-	-	-	-	-	7.6	12.0	-	1.9	-	1.9	-	21.1	-	-	-	-	-	-	5.7	4.6	-	-	-	-	54.9	1.4%	
Starch potato	-	-	-	-	-	3.1	-	-	-	-	-	3.6	1.8	-	-	-	-	-	0.2	-	-	8.5	-	-	-	-	-	-	17.2	0.4%	
Nuts	-	-	-	-	-	-	-	-	3.8	12.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.6	0.4%	
Grain legumes	-	-	-	-	-	-	-	-	4.7	0.9	-	-	-	-	-	11.1	-	-	-	-	-	-	-	0.4	-	-	-	-	17.1	0.4%	
Seeds	-	-	-	-	-	-	-	-	2.9	-	-	-	0.4	-	-	-	0.1	-	1.2	-	-	-	-	0.8	-	-	-	-	5.3	0.1%	
Hops	-	-	-	-	-	3.0	-	-	-	-	-	0.3	-	-	-	-	-	-	-	-	-	0.8	-	0.1	-	-	0.1	-	4.4	0.1%	
Hemp	-	-	-	-	-	-	-	-	-	-	-	1.6	-	-	-	-	-	-	-	-	-	0.1	-	0.2	-	-	-	-	1.8	0.0%	
Oilseeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0	-	-	-	-	-	-	-	-	-	-	1.0	0.0%	
Flax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-	-	-	-	-	-	0.6	0.0%	
Silkworms	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.0%	
Grand Total	11.4	23.8	56.9	115.0	3.8	123.6	23.6	5.9	170.9	564.2	101.0	1 040.3	35.8	191.4	2.9	423.0	68.7	0.2	33.9	2.9	1.7	492.0	112.7	224.5	87.4	17.3	56.7	51.4	4 042.6		
Share of total VCS expenditure	0.3%	0.6%	1.4%	2.8%	0.1%	3.1%	0.6%	0.1%	4.2%	14.0%	2.5%	25.7%	0.9%	4.7%	0.1%	10.5%	1.7%	0.0%	0.8%	0.1%	0.0%	12.2%	2.8%	5.6%	2.2%	0.4%	1.4%	1.3%			

Data source: Implementation reports by Member States in CATS.

VII.3 Total number of beneficiaries

The total number of VCS beneficiaries is slightly down (-2.7%) from 2.64 million in CY2016 to 2.57 million in CY2017²¹.

- The number of beneficiaries of the area-based measures decreased by approximately 20% to 1.14 million in CY2017.
- Whereas the number of beneficiaries of the animal-based measures increased by approximately 17% to 1.44 million in CY2017.

VII.4. Total number of hectares and animals paid

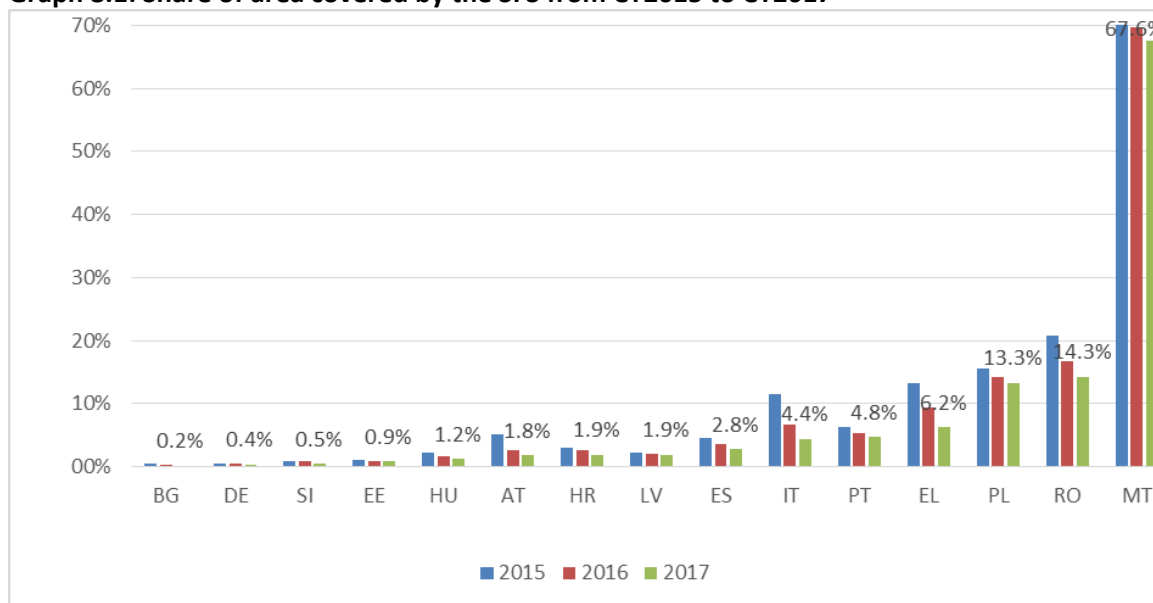
In comparison to CY2016, the total number of animals paid decreased by 2.7% to 61.44 million heads in CY2017 whereas the total areas paid remained quite stable at around 8.6 million hectares.

²¹ Double counting of certain beneficiaries (in any CY) is possible, if a beneficiary gets VCS from more than one support measure. For instance, the same farmer may get VCS after his dairy cows under one support measure, whereas also after his protein crop areas 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 penalties²².
- 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).

Graph 8.1: Share of area covered by the SFS from CY2015 to CY2017



Data source: Member States' notifications in CATS.

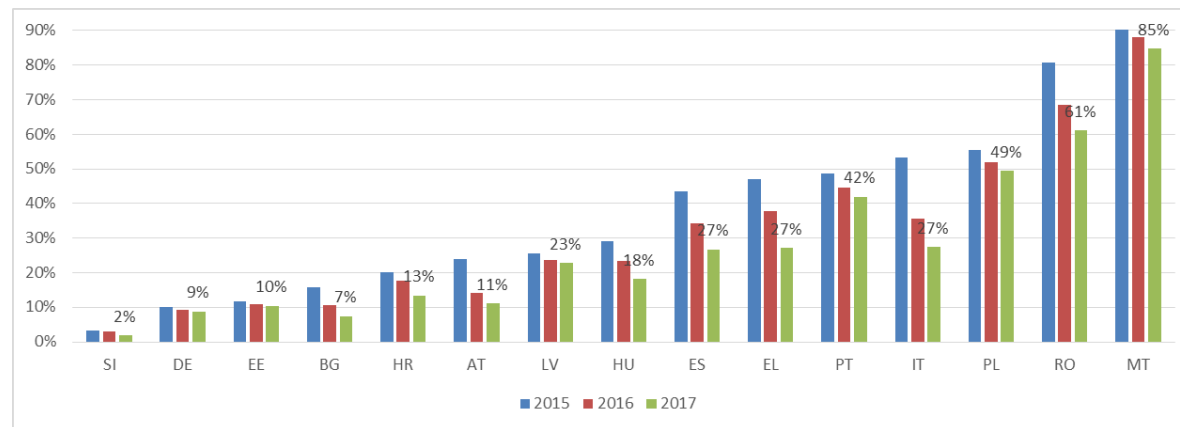
(*) For PL: data from ISAMM notification for CY2016: it is assumed that the total number of farmers under SFS in CY2016 is equal to the farmers automatically included and remaining under the scheme. The % refers to data for CY2017.

- In CY2017, in the fifteen Member States applying the scheme, the total number of participants in the SFS (around **1.9 million** applicants) represented around 36% 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 is rather limited (5.3 % or 4.8 million hectares).
- In CY2017, the area determined covered by the SFS ranges from 0.2% in BG to 67.6% of total decoupled DP area in MT (see [graph 8.1](#)). High share in MT reflects its specific farmland structure with predominance of small holdings.

²² 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 CY2017, the SFS applicants represent between 2% (SI) and 85% (MT) of the total decoupled DP applicants (see [graph 8.2](#)).
- Between CY2015 and CY2017, there is a significant drop in the total number of admissible SFS applicants (-34%). The most important overall decreases in the number of farmers participating in the SFS are mainly encountered in MSs applying the *payment due in 2015* (HU, IT, ES and SI) whereas the MSs where the decrease is the less important are applying the lump sum payment (PT and LV).
- This drop is due to either ‘inactive farmers’ (around 25% of the decrease) or farmers having withdrawn from the SFS in years 2016-2017 (nearly 75% of the decrease).
- In most of the cases, “inactive participants” are farmers who did not apply for direct payments at all in 2017 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 any later year) 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, if fixed by the Member State). 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 for some farmers.

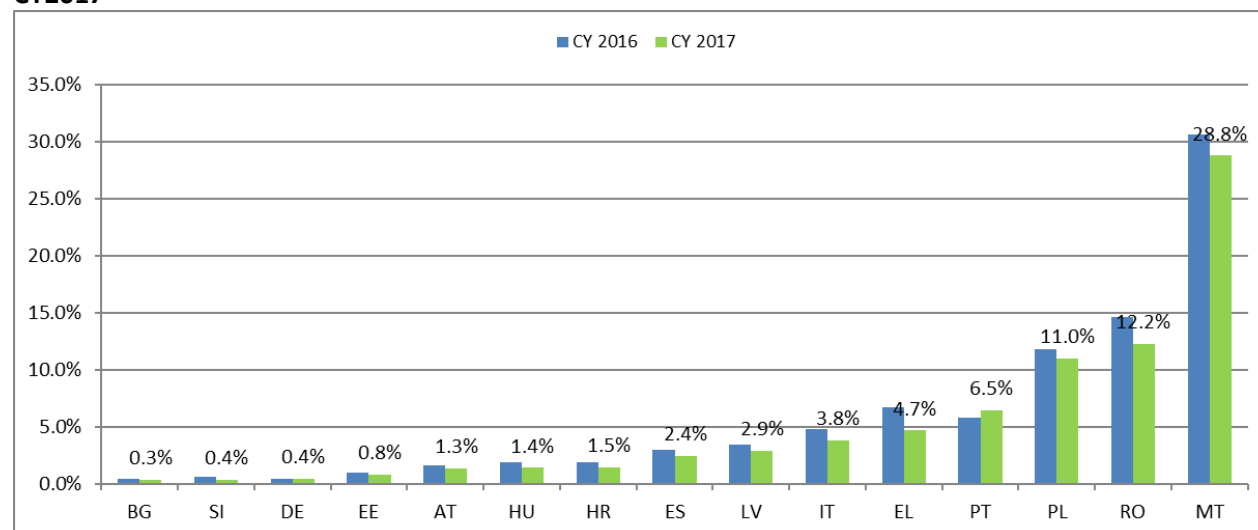
Graph 8.2: Share of farmers under the SFS from CY2015 to CY2017



Data source: Member States' notifications in CATS.
 (*) The % refers to data for CY2017.

- The total expenditure for the SFS in CY2017 is equal to **EUR 1 030 billion** (EUR 1 221 billion in CY2016) representing in average **4.3%** of the total expenditure for direct payments in the Member States applying the scheme.
- **MT** has the highest share of direct payment' expenditures for the SFS (28.8%), followed by **RO** (12.2%) and **PL** (11%). In **BG, DE, SI** and **EE**, the total expenditure under the SFS represents 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 [graph 8.3](#)).

Graph 8.3: Share of the total expenditure for SFS in the total expenditure for DP from CY2015 to CY2017



Data source: Member States' notifications in AGREX.

(*) The % refers to data for CY2017.