



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

Claim year 2020

This report presents the implementation of the direct payments by Member States for claim year 2020. 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 2020, have been corrected and/or updated where relevant. This report does not cover the UK as in accordance with Article 137 (1) second subparagraph of the Withdrawal Agreement between the EU and the UK, as from claim year 2020 the EU direct payment legislation does not apply to the UK.

December 2022

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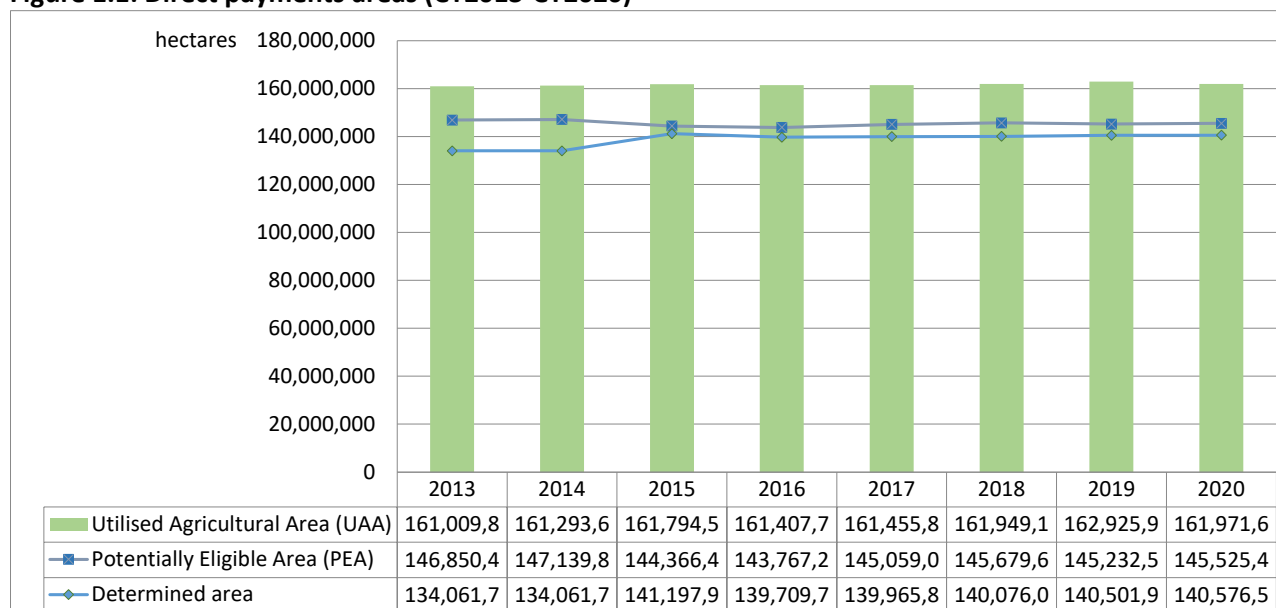
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I GENERAL IMPLEMENTATION DATA

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 145 million hectares in CY2020 (+0.8% as compared to CY2015 and +0.2% 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 140 million hectares in CY2020 (-0.4% as compared to CY2015 and +0.1% 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, 90% and 87% of the **Utilised Agricultural Area (UAA)** across the EU-27 Member States.

Figure 1.1: Direct payments areas (CY2013-CY2020)



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 CY2020), the Single area payment scheme (SAPS) (all years) and the Small farmers scheme (SFS) (from CY2015 to CY2020). 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 CY2020, this type of area represented about 3.4 million ha in the EU-27, i.e. about 2.4% 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 statistical 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 CY2020

- In general, the differences between the determined area and the PEA are due to 1) the limitations in the number of payment entitlements compared to the eligible area for the BPS Member States (see last bullet point and section III.1 below) and 2) the result of controls in all Member States.
- In CY2020, the Member States with the highest differences between the PEA and the determined area were AT, ES, PT, EL, IE and FR.
- In 21 out of 27 Member States, the UAA is higher than the PEA (the opposite is observed in DE, BE, IE, FI, 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 2020)

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	1,373,579	1,315,539	-58,040	-4.2%	14,879	1.1%
DK	BPS	2,626,000	2,592,251	2,560,740	-31,510	-1.2%	-33,749	-1.3%
DE	BPS	16,666,000	16,735,772	16,616,526	-119,246	-0.7%	69,772	0.4%
IE	BPS	4,524,150	4,652,296	4,423,421	-228,876	-4.9%	128,146	2.8%
EL	BPS	5,153,380	4,209,383	3,932,045	-277,338	-6.6%	-943,997	-18.3%
ES	BPS	24,371,660	21,162,410	19,235,554	-1,926,856	-9.1%	-3,209,250	-13.2%
FR	BPS	29,024,180	26,695,975	25,391,483	-1,304,492	-4.9%	-2,328,205	-8.0%
HR	BPS	1,504,450	1,096,550	1,083,161	-13,389	-1.2%	-407,900	-27.1%
IT	BPS	13,150,200	9,917,561	9,665,050	-252,511	-2.5%	-3,232,639	-24.6%
LU	BPS	131,590	121,811	119,488	-2,323	-1.9%	-9,779	-7.4%
MT	BPS	11,580	7,123	7,099	-24	-0.3%	-4,457	-38.5%
NL	BPS	1,816,320	1,769,739	1,741,691	-28,048	-1.6%	-46,581	-2.6%
AT	BPS	2,652,220	2,544,765	2,284,753	-260,012	-10.2%	-107,455	-4.1%
PT	BPS	3,966,670	3,043,893	2,827,036	-216,857	-7.1%	-922,777	-23.3%
SI	BPS	479,820	456,835	440,419	-16,416	-3.6%	-22,985	-4.8%
FI	BPS	2,273,800	2,288,700	2,247,635	-41,065	-1.8%	14,900	0.7%
SE	BPS	3,004,780	2,914,602	2,889,190	-25,412	-0.9%	-90,178	-3.0%
BPS member States		112,715,500	101,583,245	96,780,830	-4,802,415	-4.7%	-11,132,255	-9.9%
BG	SAPS	5,037,470	3,838,984	3,799,337	-39,647	-1.0%	-1,198,486	-23.8%
CZ	SAPS	3,523,660	3,535,044	3,533,948	-1,097	0.0%	11,384	0.3%
EE	SAPS	988,410	967,181	964,813	-2,368	-0.2%	-21,229	-2.1%
CY	SAPS	125,350	135,235	132,552	-2,683	-2.0%	9,885	7.9%
LV	SAPS	1,959,400	1,763,944	1,755,356	-8,588	-0.5%	-195,456	-10.0%
LT	SAPS	2,974,990	2,896,363	2,885,143	-11,220	-0.4%	-78,627	-2.6%
HU	SAPS	5,309,520	4,975,267	4,963,652	-11,615	-0.2%	-334,253	-6.3%
PL	SAPS	14,550,350	14,269,524	14,228,633	-40,891	-0.3%	-280,826	-1.9%
RO	SAPS	13,825,610	9,714,629	9,697,175	-17,454	-0.2%	-4,110,981	-29.7%
SK	SAPS	1,915,730	1,846,083	1,835,061	-11,021	-0.6%	-69,647	-3.6%
SAPS Member States		50,210,490	43,942,254	43,795,670	-146,583	-0.3%	-6,268,236	-12.5%
EU-28		162,925,990	145,525,499	140,576,500	-4,948,998	-3.4%	-17,400,491	-10.7%

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 CY2020

- 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 11% between CY2015 and CY2020. The sharpest decreases were predominantly observed in IT (-24.4%), ES (-20.2%), EE (-17.6%), FR (-14.4%) and RO (-10.8%). 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 (-14.5% on average between 2015 and 2020) is typically associated with a decrease in the determined area, although the latter was of a significantly lower magnitude (-1.6% on average). In SAPS Member States, a negative correlation is observed between the number of admissible applicants (-6.7% on average) and the determined area (+2.2% on average).
- Contrary to the general and widespread downward trend observed at the EU-27 level, the number of applicants has increased in four Member States: HR (+4.9%), CZ (+4.4%), IE (+0.7%) and SK (+0.7%). It is worth to point out that the average farm size in SK and CZ is among the highest within the EU-27, which explains the relatively low absolute number of admissible applicants in these two countries.

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

Table 1.2: Number of admissible applicants (CY2015-CY2020) and change in the determined area (CY2015-CY2020)

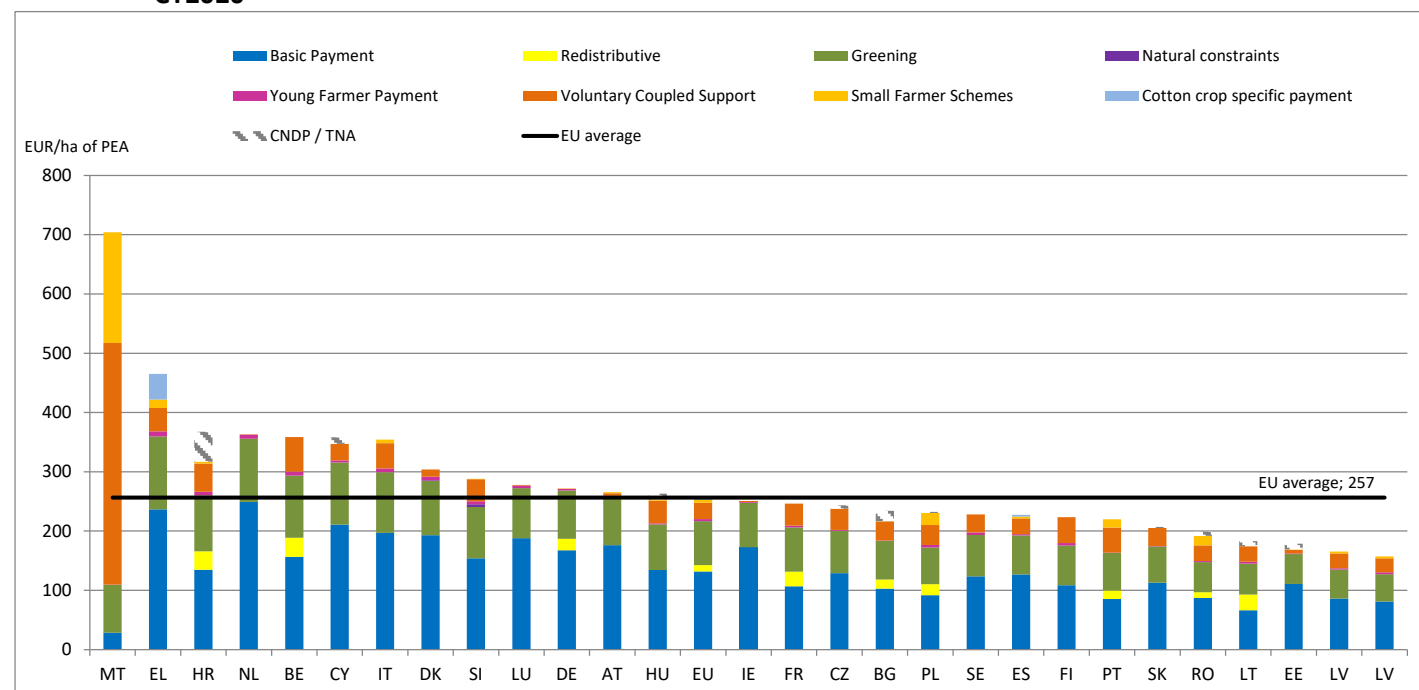
Member State	Number of admissible applicants							Determined area 2020/2015
	CY2015	CY2016	CY2017	CY2018	CY2019	CY2020	2020/2015	
BE	35,681	35,131	34,128	33,886	33,736	33,432	-6.3%	-1.2%
DK	40,797	39,531	38,638	37,918	37,338	36,673	-10.1%	-1.2%
DE	321,388	316,897	313,917	310,655	307,123	304,264	-5.3%	-1.5%
IE	126,762	124,390	129,558	128,498	127,859	127,682	0.7%	0.5%
EL	685,486	646,348	619,753	611,531	610,205	615,948	-10.1%	3.2%
ES	792,741	719,331	653,380	652,131	642,209	632,753	-20.2%	-0.7%
FR	354,441	330,591	318,962	312,426	307,710	303,533	-14.4%	-2.6%
HR	98,691	97,019	99,850	101,526	104,147	103,537	4.9%	6.8%
IT	1,002,205	898,695	809,764	789,840	772,364	757,452	-24.4%	-4.0%
LU	1,824	1,780	1,756	1,730	1,713	1,696	-7.0%	-2.3%
MT	5,336	9,670	5,221	5,084	4,985	4,858	-9.0%	-13.3%
NL	45,847	45,776	44,960	44,530	43,999	43,608	-4.9%	0.4%
AT	109,472	108,607	107,380	106,348	105,263	104,227	-4.8%	-10.4%
PT	157,928	153,172	153,602	152,891	151,894	149,772	-5.2%	2.2%
SI	57,169	56,621	56,440	56,083	55,550	55,063	-3.7%	-2.0%
FI	52,672	51,439	50,308	49,516	48,654	47,316	-10.2%	-0.5%
SE	60,246	58,555	57,937	56,572	56,214	55,960	-7.1%	-1.5%
BPS MS total	3,948,686	3,693,553	3,495,554	3,451,165	3,410,963	3,377,774	-14.5%	-1.6%
BG	65,642	67,836	67,183	65,621	62,873	60,079	-8.5%	4.1%
CZ	28,904	29,584	29,843	30,093	30,177	30,169	4.4%	-0.1%
EE	17,100	15,542	15,019	14,558	14,275	14,083	-17.6%	1.7%
CY	33,501	33,062	32,868	32,677	32,233	32,325	-3.5%	-1.3%
LV	61,111	59,744	58,484	57,689	56,947	56,472	-7.6%	6.1%
LT	136,221	134,069	127,470	125,322	123,316	122,591	-10.0%	2.9%
HU	175,278	174,635	173,752	171,347	168,592	165,922	-5.3%	0.4%
PL	1,346,848	1,344,911	1,336,349	1,317,653	1,304,524	1,292,121	-4.1%	0.7%
RO	881,989	844,460	834,213	820,299	799,474	786,580	-10.8%	5.6%
SK	18,142	18,978	18,845	18,780	18,573	18,253	0.6%	-1.2%
SAPS MS total	2,764,736	2,722,821	2,694,026	2,654,039	2,610,984	2,578,595	-6.7%	2.2%
EU-27 total	6,713,422	6,416,374	6,189,580	6,105,204	6,021,947	5,956,369	-11.3%	-0.4%

Data source: Member States' notifications in CATS.

I.4. Direct payments expenditure and optional national payments per hectare by Member State in CY2020

- In CY2020, the average support granted per hectare of area declared by farmers (PEA) amounted to **257 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 704 EUR/ha in MT to 157 EUR/ha in LV.
- The share of various schemes in the total expenditure differs across Member States, reflecting the initial financial allocations (fixed at EU level) and Member States’ policy choices regarding direct payments (including transfers between the two CAP pillars)².
- The basic payment (BPS or SAPS) represents, on average, 52% of the direct payments expenditure in CY2020 (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 CY2020*



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).

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

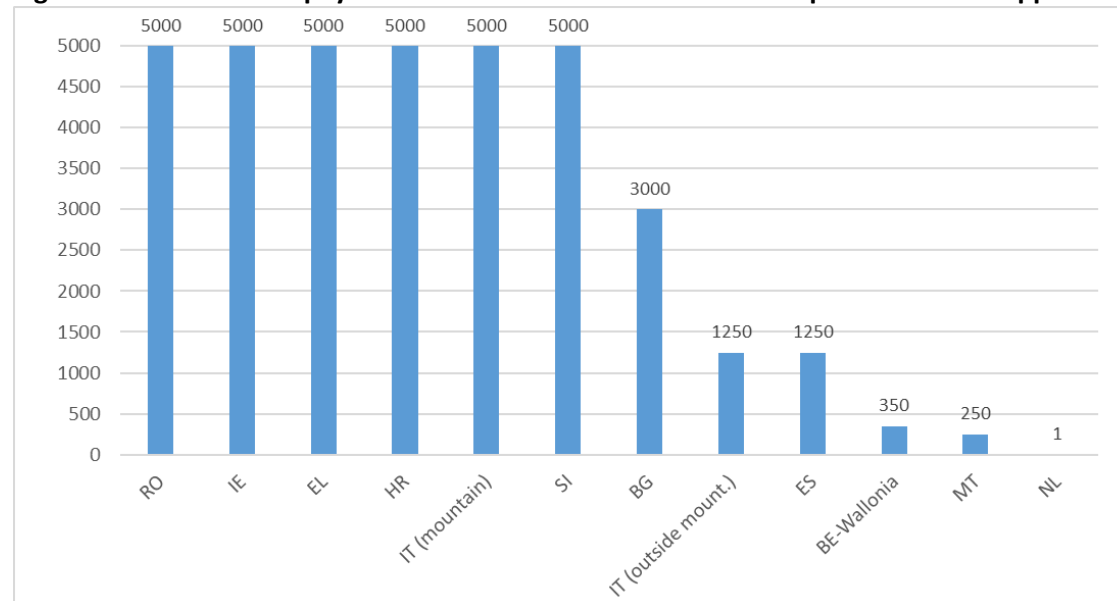
³ For more information on eligibility: https://agriculture.ec.europa.eu/system/files/2019-12/direct-payments-eligibility-conditions_en_0.pdf

⁴ Note that, from 2018, pursuant to the adoption of the "omnibus" Regulation (EU) 2017/2393 of 13 December 2017, some Member States have decided to discontinue the implementation of the negative list under the active farmer clause. For more information on the implementation of the Active Farmer provision, please see the note: https://agriculture.ec.europa.eu/system/files/2018-09/active-farmer-ms-decsions-omnibus-regulation_en_0.pdf Nevertheless, in Member States applying BPS (payment entitlements based system) 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 and EL 60% or more of the claimants are de facto considered active farmers thanks to the exemption threshold.
- 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 CY2020, 8 Member States maintained the negative list (BE, BG, IE, ES, HR, MT, RO and SI).
- As from CY 2018, EL and NL have decided to apply the option to consider active farmers only those farmers whose agricultural activity is not insignificant, or whose principal activity or company object consists of exercising an agricultural activity.
- From CY 2018 onwards, IT and RO have been applying the option to consider inactive those farmers who are not registered for their agricultural activity in a national fiscal or social security register.

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 CY2020.

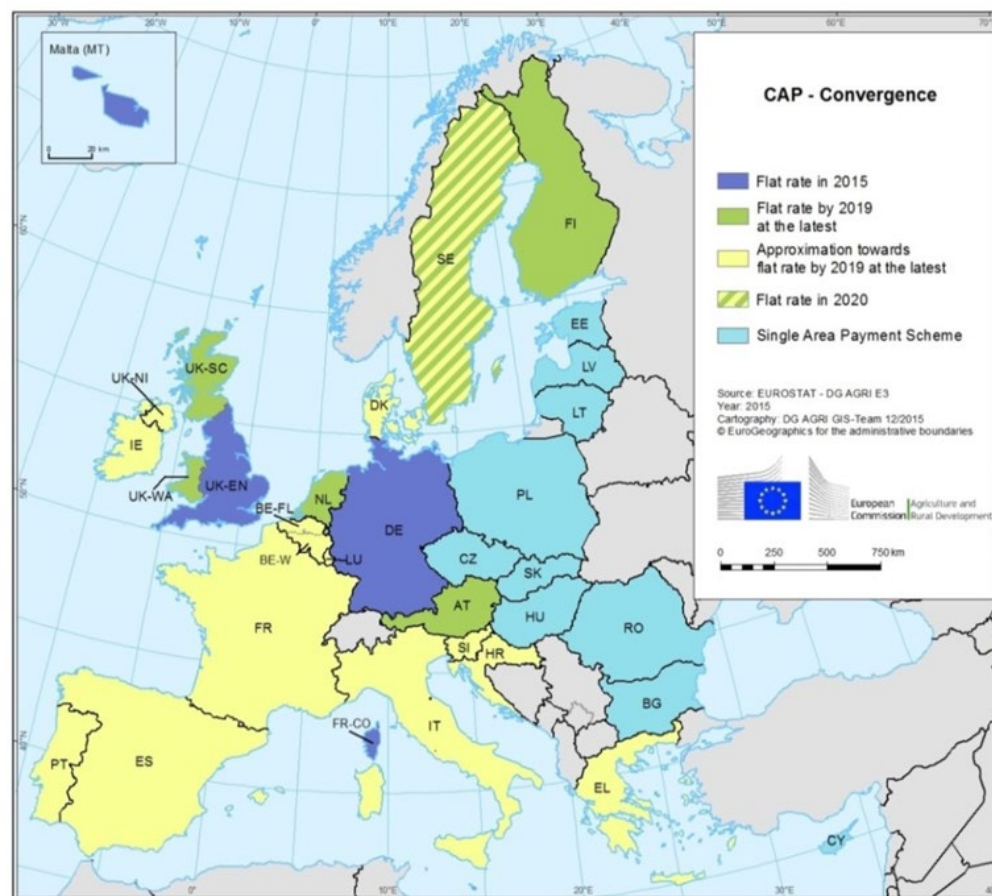
Note: IT, EL and NL continue to apply the active farmer clause under Article 9(3), although they have discontinued the application of Article 9(2) as from CY 2018.

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.
- 17 Member States (BE, DE, DK, IE, EL, ES, FR, HR, IT, LU, MT, NL, AT, PT, SI, FI, and SE) apply the **Basic payment scheme** (BPS) whilst 10 Member States (BG, CZ, EE, CY, LV, LT, HU, PL, RO and SK) keep applying the **Single area payment scheme** (SAPS, see section III.4 below).
- Under the **BPS**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 and FR-Corsica apply the model of "**flat-rate from 2015**". In DE, it was initially applied at regional level to end-up with a national flat-rate in 2019.
- NL, AT, and FI have chosen the "**flat-rate in 2019**" model. In FI, it is applied at regional level. SE is applying **flat rate from 2020**.
- BE, DK, IE, EL, ES, FR-Hexagone, HR, IT, LU, PT and SI had been applying a **partial convergence between 2015 and 2019**. EL and ES had been applying it at regional level.



Data source: Member States' notifications in ISAMM, 2015-2020 (the UK policy choices 2015-2019).

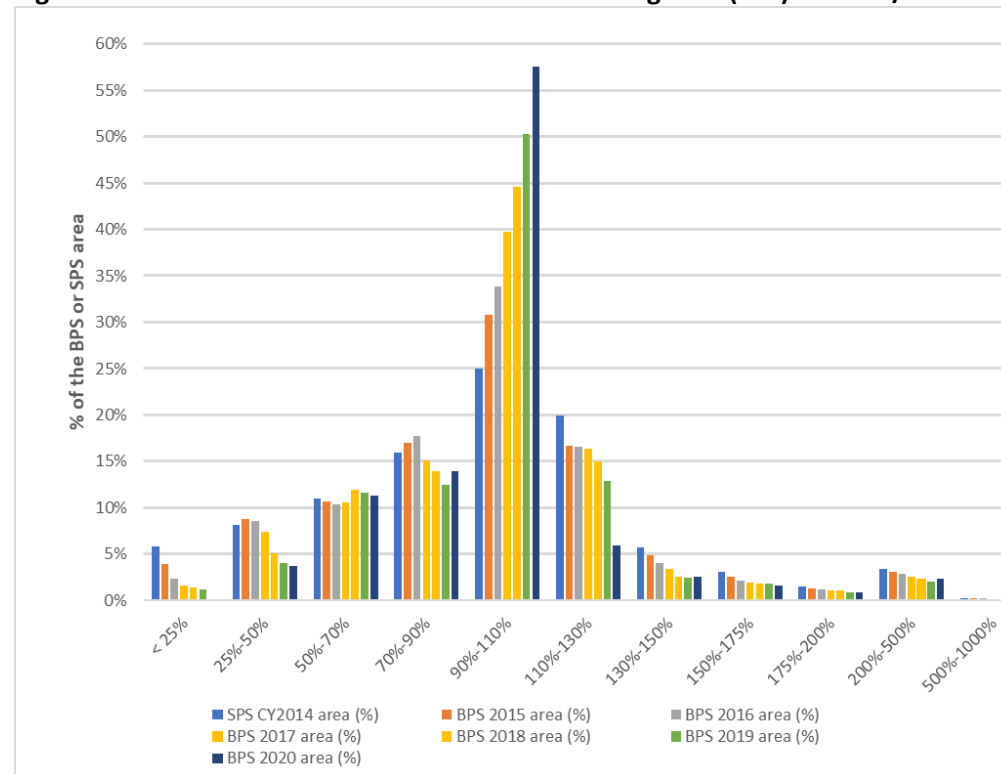
⁶ For more information on BPS, see the document "Direct Payments - BASIC PAYMENT SCHEME" at https://agriculture.ec.europa.eu/system/files/2018-10/basic-payment-scheme_en_0.pdf.

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')" https://agriculture.ec.europa.eu/system/files/2018-10/internal-convergence_en_0.pdf.

III.2 The Basic payment scheme - The internal convergence

- In the 17 Member States applying the BPS, the 2013 CAP reform has introduced a move away from historical references with a mechanism of convergence of direct payments per hectare ("**internal convergence**") within Member States (see the options taken by Member States in section III.1 above).
- Figure 3.1 shows that the area benefiting from a BPS amount/hectare close to the national average is significantly higher than it was in the year preceding the reform (i.e. CY2014).
- The convergence level is currently increasing (the average amount class went from 31% in 2015 to 57% in 2020) and is on its way to reach a higher level by CY2021. However, some significant differences in BPS amounts per hectare will remain in the Member States applying the partial convergence.

Figure 3.1: Distribution around the NATIONAL average BPS(SPS) amount/hectare CY2014-CY2020



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

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

BPS: The Basic payment scheme.

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

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

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

- As a matter of priority, Member States are obliged to allocate payment entitlements (PEs) from the national/regional reserve to **young 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 CY2020, around 42 500 farmers entered the BPS via the reserve (representing nearly 1.4% of all BPS beneficiaries, compared to 3.2% in CY2015, 1% in CY2016, 1.6% in CY2017, 1.2% in CY2018 and 1.3% in CY2019) of which 19 650 are young farmers.

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

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

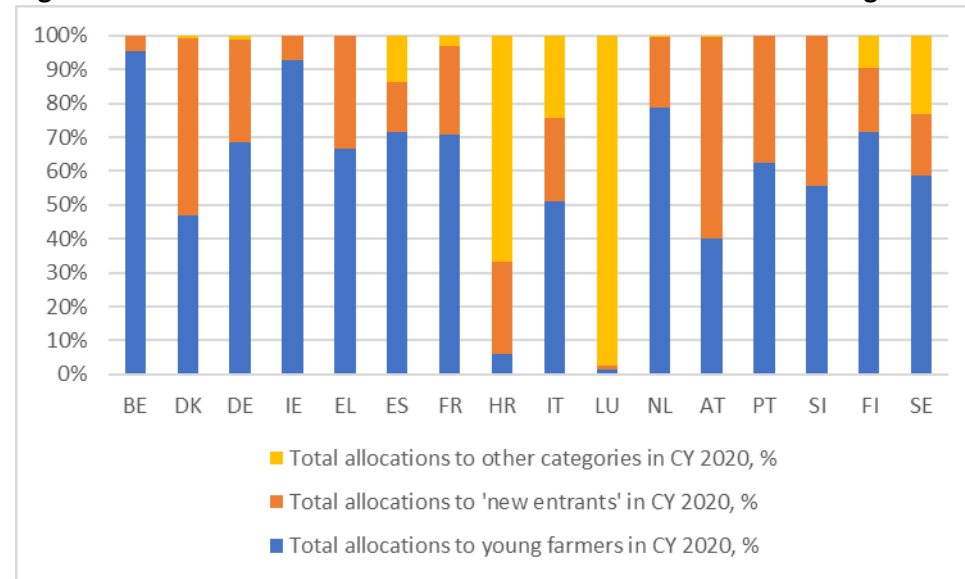
MS/REGION	Total number of farmers entering the system because of the reserve in claim year 2020	Total determined area covered by NEW PE allocated from the reserve in claim year 2020	Share of farmers entering via the reserve (compared to total BPS)	Share of area entering via the reserve (compared to total BPS)
BE Flanders	32	1 284.40	0.15%	0.22%
BE Wallonia	28	847.24	0.22%	0.12%
DK	67	552.62	0.18%	0.02%
DE	1 512	23 792.79	0.54%	0.14%
IE	237	14 572.00	0.19%	0.33%
EL	21 434	206 705.58	4.33%	5.46%
ES	1 451	151 874.59	0.28%	0.80%
FR - Corse	59	2 460.89	0.02%	0.01%
FR - Hexagone	2 102	113 697.75	0.70%	0.45%
HR	3 041	29 729.41	3.26%	2.78%
IT	10 821	139 592.24	1.64%	1.47%
LU	8	67.71	0.47%	0.06%
MT	0	0	0.00%	0.00%
NL	74	1 901.30	0.17%	0.11%
AT	350	2 712.37	0.35%	0.12%
PT	420	23 437.87	0.45%	0.86%
SI	282	2 226.48	0.52%	0.51%
FI	33	3 046.42	0.07%	0.14%
SE	618	12 084.00	1.11%	0.42%
Total	42 569	730 585.66	1.44%	0.76%

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.

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 CY2020 in terms of amounts allocated consists of:
 - 55% to young farmers,
 - 26% to "new entrants",
 - 19% 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, 51% of allocations are for farmers to prevent land from being abandoned (Article 30(7)(a)), 16% for farmers with a specific disadvantage (Article 30(7)(b)), 27% to new entrants and around 6 % for young farmers.

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



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

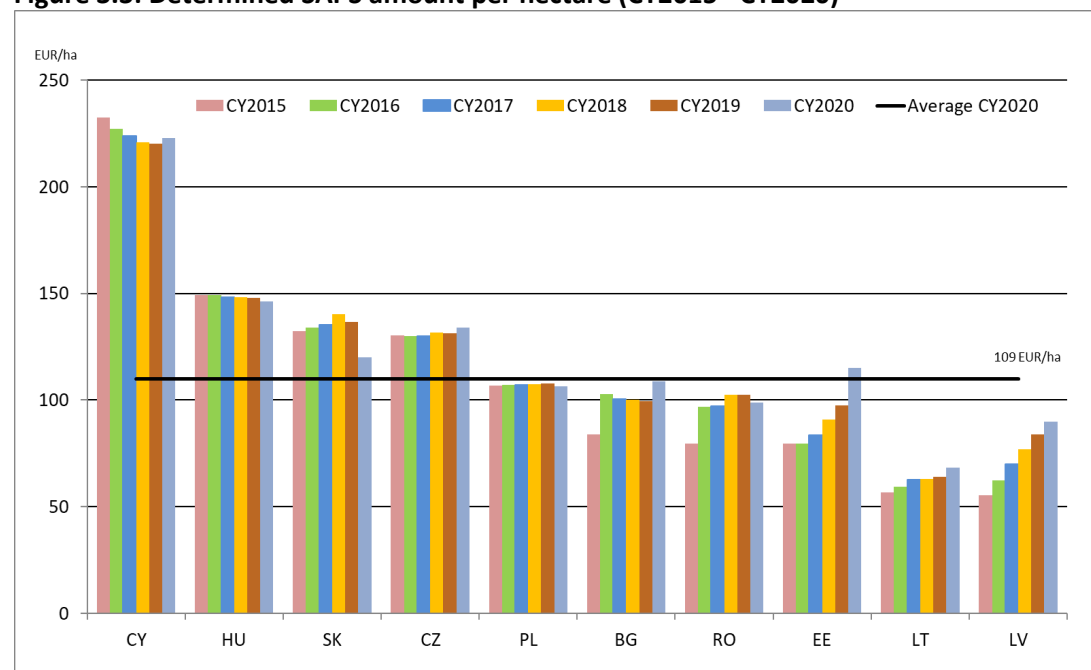
⁹ This includes the allocations of new entitlements and the increase of value of the existing entitlements. In some cases, Member States provided the information cumulatively from 2015, while most of the Member States provided information in respect of amounts for which allocation was claimed in the year 2020.

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 109.9** per hectare in CY2020, up from 102.5 EUR per hectare in CY2015 (+7.2%), reflecting the impact of the external convergence.
- However, differences persist across Member States: EE, CY, HU, SK and CZ are granting amounts per hectare above the average of SAPS Member States, while the level of SAPS support in LT and LV remains significantly below that average. Such disparity in level of payment per hectare can be explained by the differences in the proportion between the financial envelope and the agricultural area, the chosen flexibility towards (or from) rural development (in CY2020, several MS changed their approach towards flexibility (CZ, RO, EE, LT and LV stopped the transfers from direct payments to rural development and BG decided to start the transfers from rural development to direct payments) leading to slight differences that could be seen in the graph) 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.

Figure 3.3: Determined SAPS amount per hectare (CY2015 - CY2020)



Data source: Member States' notifications in CATS.

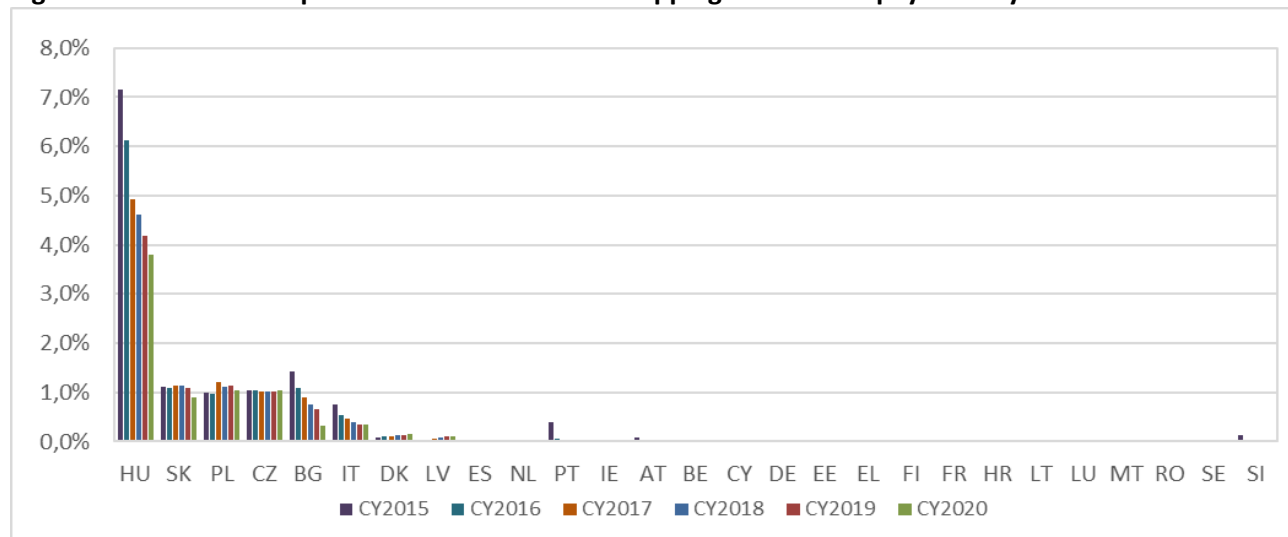
NB: Determined SAPS amount per hectare is calculated by dividing the total amount determined under the SAPS (before penalties) by the total number of hectares determined under the SAPS. It corresponds to the payments to be made under the SAPS, and does not include the amounts or hectares determined under 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, BG, DE, FR, HR, LT, PL, PT¹¹ and RO).

- In CY2020, the proceeds of the reduction and capping amounted to EUR 55 million, representing 0.29% of the basic payment expenditure (down from EUR 66 million, and 0.31%, in CY2019).
- The amount of funds reduced from the basic income support to large beneficiaries has remained generally low with the exception of HU (see Figure 3.4), where the proceeds of reduction and capping accounted for 3.8% of the SAPS envelope in CY2020. 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 CY2020 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://agriculture.ec.europa.eu/system/files/2018-10/direct-payments-financial-mechanisms-jun2016_en_0.pdf

¹¹ While BG, PL and PT uses more than 5% of its direct payments envelope for the redistributive payment, it did not opt for an exemption from the reduction of payments.

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 CY2020, the TNA was paid in all SAPS Member States, except for LV (see [table 4](#)).
 - The TNA is aimed at supporting certain sectors for which similar support was granted in the past (in case of BG and RO, this past reference is the CNDPs granted in CY2013; in the other SAPS Member States, it is the TNA granted in CY2013).
 - The reason why TNA have been maintained after completion of the phasing-in mechanism is to avoid a sudden and substantial decrease of income for certain sectors. However, the level of support available under the TNA is to be steadily decreased annually (for 2020, the level of TNA compared to 2013 was 50%).
- In total, nine SAPS Member States decided to implement TNA through a maximum envelope of EUR 457 million in CY 2020 (17% of this amount is coupled support). Due to budgetary restrictions, LV decided not to grant TNA in CY2020. As to the other nine SAPS Member States, the implementation data shows that EUR 260 million was actually paid (15% of this amount is paid as coupled support). Compared to CY2019, the total amount paid significantly decreased (EUR 464 million paid in CY2019) 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 was granted)	Amount of TNA granted (total payments made, EUR)	execution rate= amount paid/amount decided
Bulgaria	Bovine animals	4 124	16 351 950	100%
	Sheep and goat (coupled)	6 324	12 853 390	94%
	Tobacco	39 750	36 445 300	90%
Czech Republic	Decoupled area payment	24 319	15 227 890	91%
	Hops	118	644 380	92%
	Potato starch	168	967 590	87%
	Ruminants	7 823	2 271 580	92%
	Sheep and goat (coupled)	2 726	28 580	85%
	Suckler cows (coupled)	7 465	591 840	91%
Estonia	Arable crops	4 065	2 582 620	56%
	Cattle	1 717	1 317 960	48%
	Ewe (coupled)	649	277 930	83%
	Ewe (decoupled)	346	12 580	34%
	Milk	857	3 824 400	59%
	Seeds	38	5 720	46%
Cyprus	Suckler cows (coupled)	1 485	1 060 510	99%
	Sheep and goat (coupled)	1 857	1 496 200	28%
Lithuania	Bulls 1	14 681	8 371 350	71%
	Ewe (coupled)	1 157	117 060	99%
	Milk	18 801	12 244 110	99%
	Protein crops	4 238	981 830	92%
	Suckler cows (decoupled)	8 174	3 041 960	52%
Hungary	Beef (decoupled)	6 184	5 532 000	58%
	Cattle extensification (decoupled)	1 721	4 582 000	66%
	Ewe (coupled)	6 520	37 840	71%
	Ewe (decoupled)	557	1 011 000	96%
	Milk	3 924	27 117 000	100%
	Suckler cows (coupled)	6 348	5 875 630	85%
	Tobacco (Burley) - decoupled	543	815 000	43%
Poland	Tobacco (Virginia) - decoupled	318	2 978 000	54%
	Tobacco (group I - Virginia)	7 846	15 038 000	98%
	Tobacco (group of varieties II,III,IV)	5 304	8 333 000	96%
Romania	Beef and veal (decoupled)	134 314	1 299 620	2%
	Decoupled area payment	598 397	42 198 120	49%
	Decoupled payment for dairy	49 406	442 060	2%
	Decoupled sugar beet payment	567	751 960	50%
	Flax and hemp (decoupled)	7	2 180	40%
	Hops	4	41 880	50%
Slovakia	Sheep and goat (coupled)	42 528	19 241 060	49%
	Tobacco (decoupled)	201	645 000	18%
	Sheep and goat (coupled)	1 334	1 690 370	81%
	Suckler cows (coupled)	1 547	1 915 610	97%

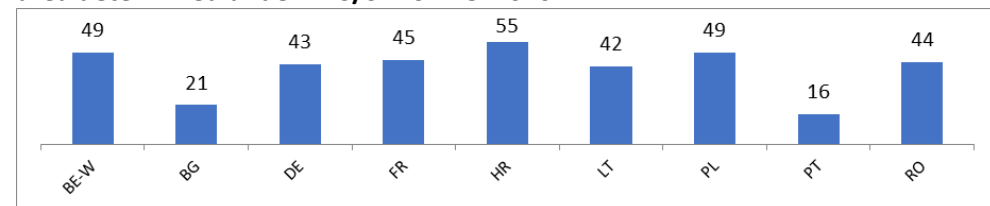
Data source: Member States' notifications in ISAMM.

V. THE REDISTRIBUTIVE PAYMENT

- In CY2020, the **Redistributive payment (RP)** is implemented by nine Member States: BE-Wallonia, BG, DE, FR, HR, LT, PL, PT and RO.
- The financial expenditure to the scheme goes from 5% (RO) to 15% (LT) of the Member States total direct payments.
- It **aims at enhancing income support for smaller farmers** by granting an extra payment per hectare for the first hectares below a certain 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 CY2020



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

¹² For more information on the redistributive payment: https://agriculture.ec.europa.eu/system/files/2018-10/ds-dp-redistributive-payment_en_0.pdf.

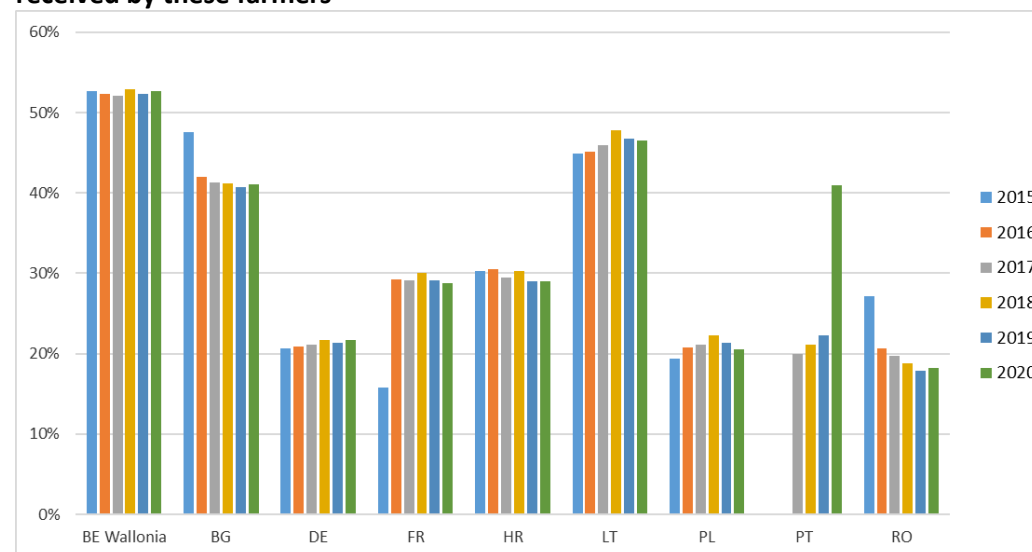
- As regards the RP unit rate, Member States could fix an amount up to 65% of the average national/regional direct payment per hectare.
- The actual percentage went from 0% for the first range in PL to 55% in PT.
- Figure 5.2 shows that the redistributive payment represents a significant share of the total decoupled direct payments received by the eligible farmers. In CY2020, this share ranged from around 20% for PL, DE and RO to more than 40% for BE-W, BG, LT and PT which increases significantly its unit rate in 2020.
- In CY2020, the actual unit rates per hectare were as follows:

Table 5: Unite rate chosen by MS/region (CY 2020)

MS	threshold / tranche	Unit rate CY2020
BE-W	0 - 30ha	126
BG	0 - 30ha	77
DE	0 - 30ha	51
DE	30.01 - 46ha	30
FR	0 - 52ha	50
HR	0 - 20ha	72
LT	0 - 30ha	64
PL	0 - 3ha	0
PL	3.01 - 30ha	40
PT	0 - 5 ha	124
RO	0 - 5 ha	5
RO	5.01 - 30 ha	48

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

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



Data source: Member States' notifications in CATS.

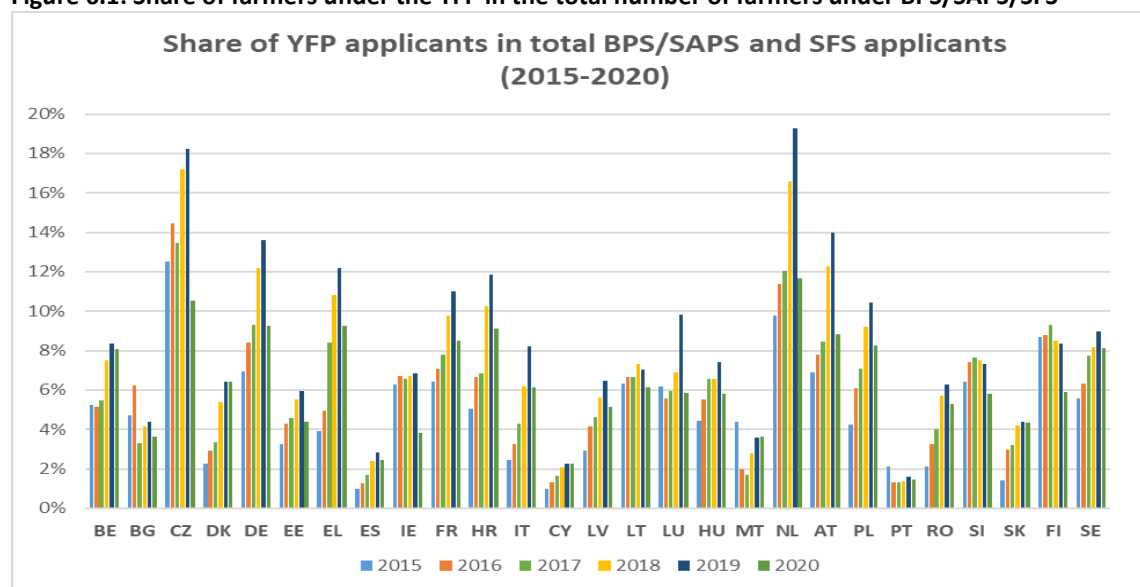
Note: It concerns only farmers admissible for receiving the redistributive support and it does not include farmers participating in the SFS. Total decoupled direct payments includes the basic payment, and where relevant, payment for young farmers.

VI. THE YOUNG FARMER PAYMENT

- The **Young farmer payment (YFP)** targets farmers of no more than **40 years of age** who are setting up for the first time an agricultural holding as head of the holding, or who have already set up such a holding during the five years preceding the first application to the YFP.
- The scheme is **compulsory** for all Member 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 CY2020, about 393 000 young farmers, representing 6.6% of the BPS/SAPS/SFS applicants, benefited from the YFP in the EU-27 Member States (see Figure 6.1)¹⁴. This is a decrease of 23% (or 2 percentage points) compared to CY2019 and a notable 38% compared to CY2015 (see Figure 6.2).
- In CY2020, the share of beneficiaries under the YFP was the highest in NL(11.7%), followed by CZ(10.5%), DE(9.2%) and EL (9.2%). The lowest shares have been observed in PT(1.5%), CY(2.3%) and ES(2.4%).
- The share of beneficiaries under the YFP started a downward trend in CY2020 in all Member States.
- In CY2020, 29 325 young farmers received allocations from the reserve either in the form of new payment entitlements or an increase in the value of their existing payment entitlements in BPS Member States.

Figure 6.1: Share of farmers under 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://agriculture.ec.europa.eu/system/files/2018-10/young-farmer-payment_en_0.pdf

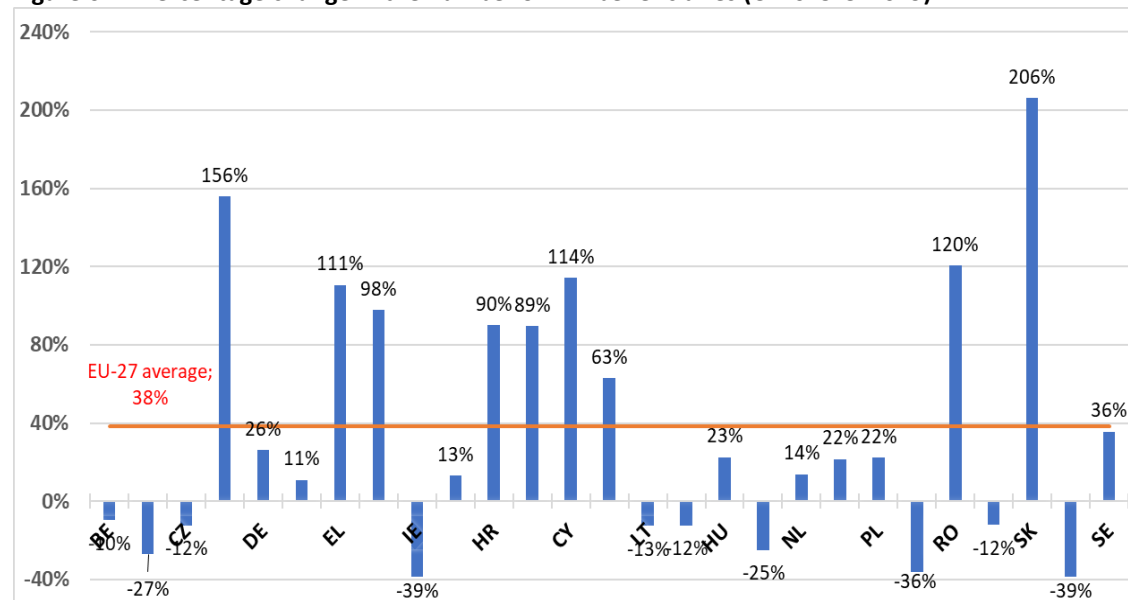
¹⁴ The total number of YFP beneficiaries includes the beneficiaries of the SFS who would have benefitted from the YFP had they not opted for the SFS. This data does not exist for CY2015; therefore, the conservative assumption is that the number of young beneficiaries under SFS who would have benefitted 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 can be set by MS between 25% and 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 increased in CY2020 (compared to CY2015) and amounted to about EUR 484 million (about 1.3% 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 1.3% in CY2020. In CY 2020, the budgetary outcome did not exceed the estimations from Member States’ notifications as in CY 2019. Only 8 Member States spent more than initially notified, with significant surpluses noted in FI, PL and LT. To be noted that the YFP is a

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.

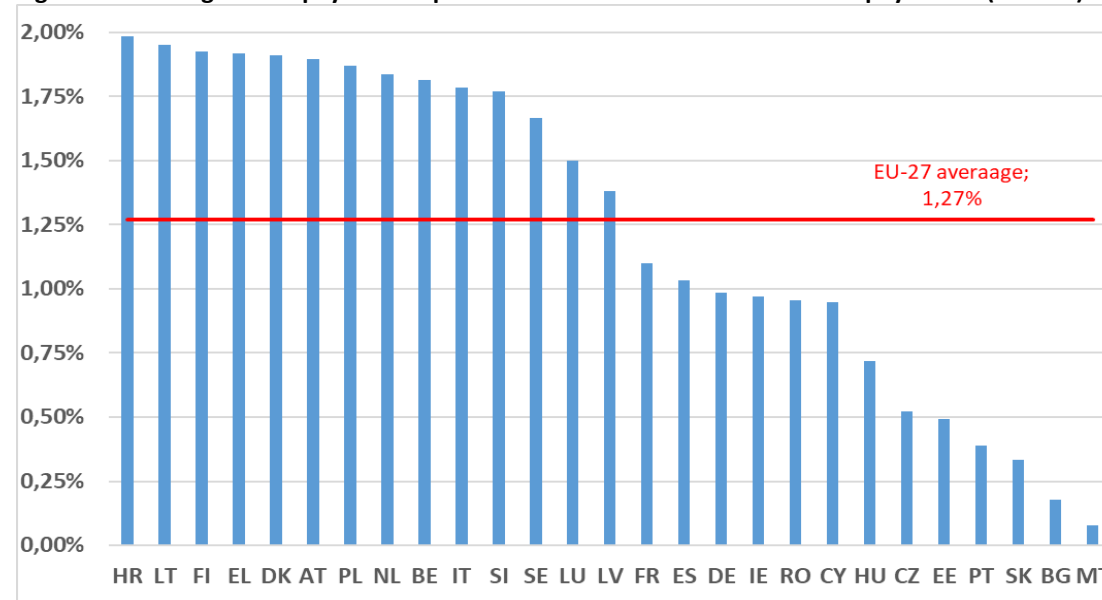
¹⁶ “Omnibus Regulation” also enabled Member States to increase the multiplier used in the YFP calculation methods, defined under Article 50(6) to (8) and (10) of Regulation (EU) No 1307/2013, from 25% up to 50%.

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.

mandatory scheme and consequently underestimation might be partly driven by willingness to avoid creating unspent funds.

- Figure 6.3 shows how far each Member State is from the maximum 2% ceiling for the Young Farmer Payment. 12 out of 27 Member States spent more than 1.5% of their direct payment budgetary envelope on this scheme. Although this share has increased over the period CY2015-CY2019 in the vast majority of Member States, in CY2020 a visible decline started to be observed. 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, decreased from 1.41% in CY2019 to 1.27% in CY2020, as compared to the ceiling of 2%. In nominal terms, the amount of funds spent under the YFP has risen by 28% between CY2017-CY2020, in particular, as a result of the flexibility provided for in the Omnibus Regulation¹⁸. Over the period CY2015-CY2020, the increase in the YFP stood at almost 60%.

Figure 6.3 : Young farmer payment expenditure as a share of the total direct payments (CY2020)

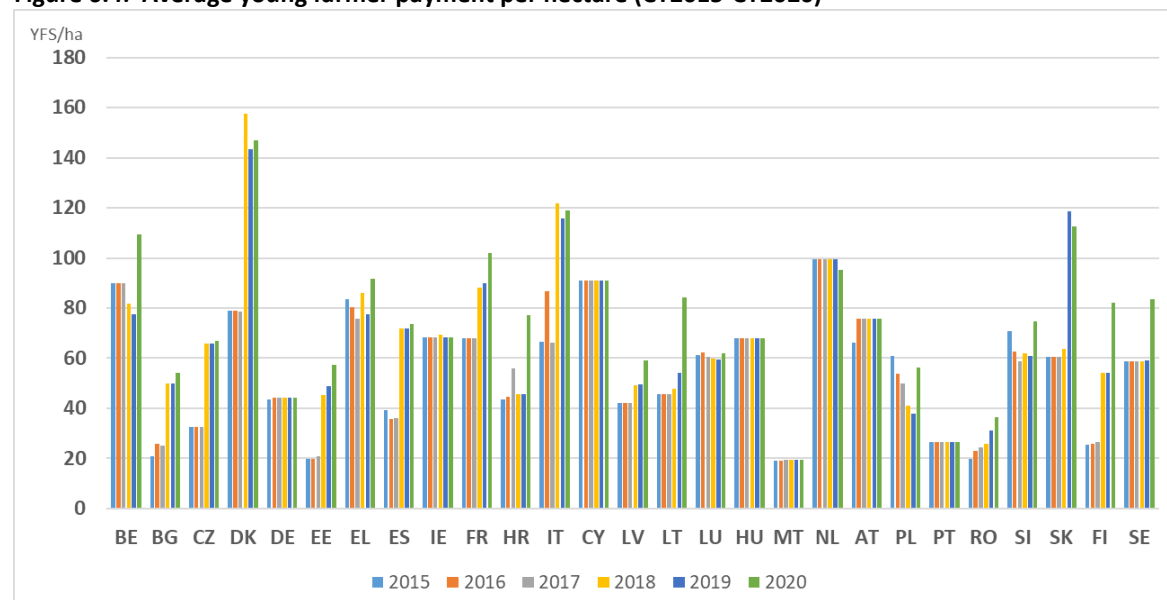


Source: Member States reporting to AGREX.

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 2020, the average YFP per hectare ranged between 20 EUR/ha in MT to 146 EUR/ha in DK (see Figure 6.4). The average YFP per hectare stood at about 74 EUR/ha at the EU level.
- The average YFP per hectare has remained broadly stable in 8 out of 27 Member States over the period CY2015-CY2020. Interestingly, following the aforementioned modifications adopted at the end of 2017, the YFP per hectare has more than doubled in EE, BG, FI and CZ, albeit from a relatively low levels. The largest increases, in absolute value, were observed in DK, FI, IT and SK (respectively, +68, +55, +53 and +52 EUR/ha between CY2017 and CY2020). On the contrary, the average payment per hectare slightly declined in some MS over the period CY2017-CY2020, the most significant one being in NL. This can be explained by several factors, including the dynamics in the number of applicants and the corresponding agricultural area, the calculation method applied by the Member States and the effects of external convergence.

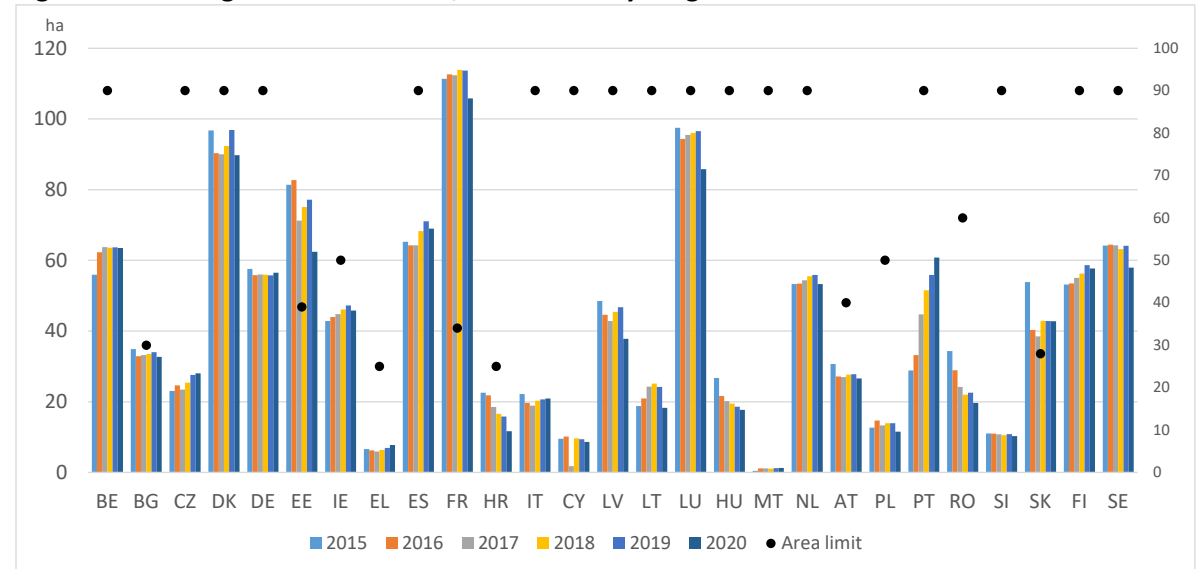
Figure 6.4: Average young farmer payment per hectare (CY2015-CY2020)



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 CY2020, except Germany.

VII.1 Sectors supported by VCS

EU Member States implemented 259 VCS measures in CY2020 covering in total 18 sectors. The number of measures applied has remained almost unchanged compared to CY 2019 (258 measures), while the number of sectors covered has remained identical²¹. Table 7.1 provides an overview of sectors targeted via VCS measures by EU Member States in CY 2020. In particular, it shows: :

- beef and veal sector: support granted in 23 Member States or regions²² under 52 measures for approximately 15.9 million animals;
- sheep and goat meat sector: 20 Member States granted support under 35 measures for approximately 33.0 million animals;
- fruit and vegetables sector: 19 Member States granted support under 54 measures, for approximately 0.48 million hectares;
- milk and milk products sector: 19 Member

Table 7.1: Number of sectors covered per Member States in CY2020

	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	Total number of Member States or Regions	
Beef and veal	√	√	√	√	√			√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	23
Sheepmeat and goatmeat		√	√	√				√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	20
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		

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

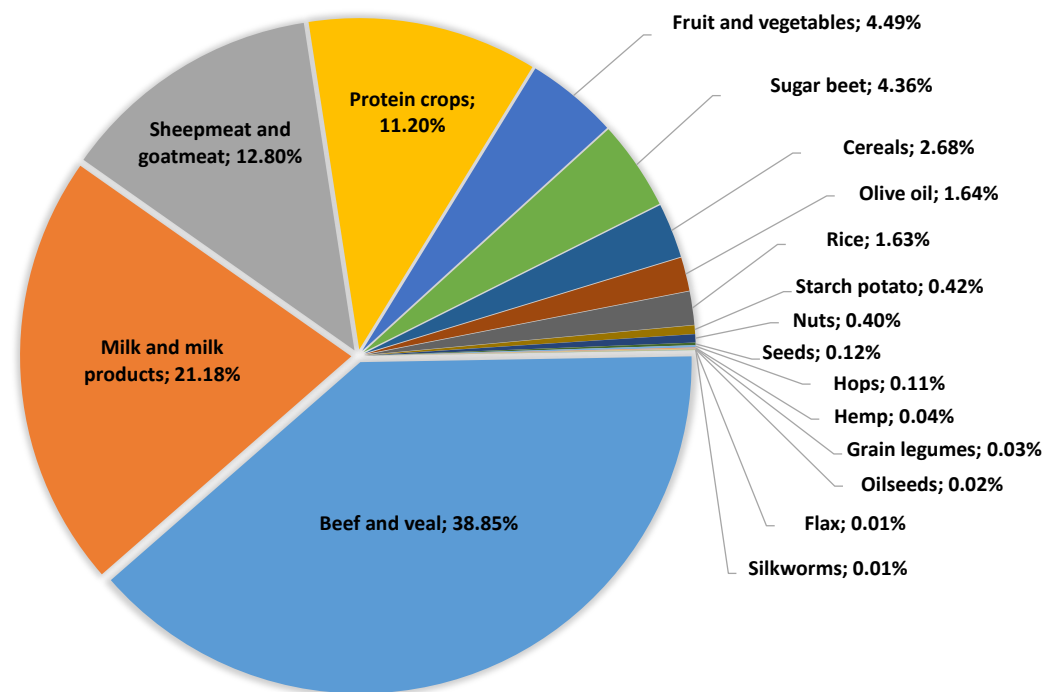
²¹ Estonia implemented a new VCS measure for milk sector in CY2020.

²² Agricultural policy is regionalised in Belgium, with Flanders and Wallonia submitting their respective implementation reports separately.

States granted support under 32 measures, for approximately 8.4 million animals;

- protein crops: 16 Member States granted support under 28 measures, for approximately 5.0 million hectares;
- sugar beet: 11 Member States granted support under 12 measures, for approximately 0.45 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 CY2020 (in %)



Data source: Implementation reports by Member States in CATS.

VII.2 Financial execution

From the EUR 4.29 billion allocated to VCS in CY2020, the payments (after controls) amounted to EUR 4.13 billion²³, which corresponds to an execution rate of slightly above 96%.

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

In CY2020, these shares were as follows:

- 38.9% is targeted to the beef and veal sector (EUR 1 606 million);
- 21.2% to the milk and milk products sector (EUR 876 million);
- 12.8% to sheep and goat meat sector (EUR 529 million);
- 11.2% to protein crops (EUR 463 million);

²³ Only includes those payments that were declared to the Commission by the end of financial year 2021.

- The remaining 16.0% of the total VCS envelope (some EUR 660 million) is allocated to the other 14 sectors (excluding dried fodder, short rotation coppice and cane & chicory – i.e. the only three eligible sectors under VCS to which no Member State granted any support).

VII.3 Total number of beneficiaries

In CY2020, the total number of VCS beneficiaries stood at 2.37 million, which is the lowest level since CY2017^{24,25}.

- The number of beneficiaries of the animal-based measures slightly decreased to 1.098 million in CY2020 (down from 1.135 million in CY 2019);
- On the other hand, the number of beneficiaries of the area-based measures has somewhat increased to 1.271 million in CY2020 (up from 1.259 million beneficiaries in CY2019).

VII.4. Total number of hectares and animals paid

The total number of hectares paid somewhat increased from 8.76 million in CY2019 to 9.12 million in CY2020. Over the same period, the total number of animals paid marginally increased, from 57.14 million to 57.32 million heads.

Table 7.2: VCS payments per Member States and per sector CY2020 (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	Total
Beef and veal	25.5	54.6	13.4	25.2	32.8			37.8	224.1	606.4	16.5	79.3		7.0	21.5		38.7	0.5	0.5	10.7	168.2	78.3	12.9	4.0	7.4	51.9	89.2	1606.3
Milk and milk products		3.2	37.3	52.4		5.6			92.5	125.7	17.6	87.2	2.9	22.4	29.4		68.2	1.6			150.8	14.0	99.3	4.7	28.7	32.3		875.8
Sheepmeat and goatmeat		0.6	14.8	2.8				55.0	165.9	126.3	4.1	11.6	0.7	0.6	2.7		21.7	0.1	1.2	0.7	4.7	40.2	68.8		4.3	2.6		529.4
Protein crops			17.9	17.3		2.9	35.6	43.9	134.6	6.9	31.3			6.1	13.1	0.2	25.7				64.6		46.3		7.9	9.0		463.2
Fruit and vegetables			47.7	9.2		0.5	16.8	6.3	13.9	3.3	10.0	0.3	3.1	5.7			33.7	0.9			11.1	3.3	13.9	2.0	3.0	1.2	185.8	
Sugar beet				16.9			2.2	16.7		4.1	21.8			1.6			7.9				81.5		18.7		7.7	1.0		180.1
Cereals							11.5		6.2		77.6		3.9	3.4										6.7		1.5		110.7
Olive oil													67.7															67.7
Rice							7.4	12.1	1.8	33.2							2.0					6.8	4.0					67.3
Starch potato				3.1						1.8				0.2							8.6					3.7		17.4
Nuts							3.7	13.0																				16.6
Seeds							2.6		0.4				1.2	0.1									0.7					5.0
Hops				3.2						0.3											0.8		0.1		0.0			4.5
Hemp										1.6											0.1		0.2					1.8
Grain legumes									0.9														0.4					1.3
Oilseeds													1.0															1.0
Flax																					0.6							0.6
Silkworms							0.4																0.0					0.4
Grand total	25.5	58.5	131.0	130.1	32.8	6.1	2.9	172.9	575.3	1019.0	52.6	419.7	3.9	45.5	77.4	0.2	197.9	3.0	1.7	11.4	491.0	142.6	265.3	17.3	59.0	103.2	89.2	4134.9

Data source: Implementation reports by Member States in CATS.

²⁴ The number of VCS beneficiaries (i.e. farmers that submitted a claim for VCS and the latter met eligibility conditions) amounted, after rounding, to 2.47 million in CY2015, 2.30 million in CY2016, 2.42 million in CY2017, 2.40 million in CY2018 and 2.39 million in CY2019.

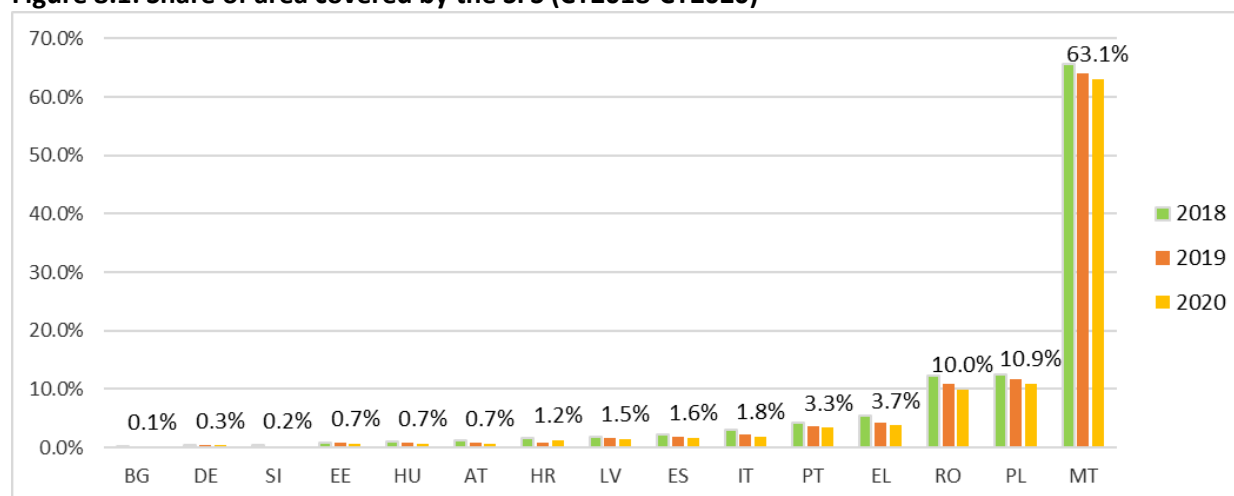
²⁵ Double counting of certain beneficiaries (in any CY) is possible, if a beneficiary receives VCS under more than one support measure. For instance, the same farmer may get VCS for dairy cows under one support measure and for protein crops under another measure; in this case the same farmer would be 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 penalties²⁶.
- 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 CY2020, in the 15 Member States applying the scheme, the total number of participants in the SFS (around 1.36 million applicants) represented around 27% of the total BPS/SAPS (incl. SFS) applicants in these countries. However, as the size of the SFS holdings is rather small (2.5 hectares on average in these Member States), the share of the SFS area determined in the total area determined under decoupled direct payments remains rather limited (3.7% or 3.4 million hectares).
- The area determined under the SFS, expressed as a share of total decoupled DP area, ranged from 0.1% in BG to 63.1% 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 (CY2018-CY2020)



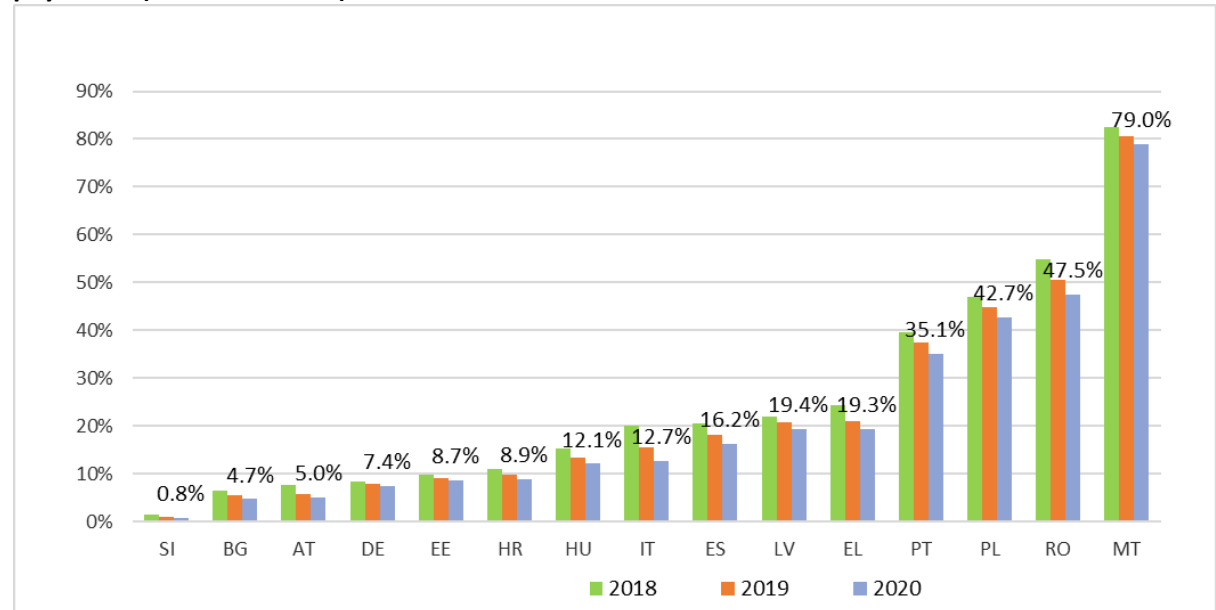
Data source: Member States' notifications in CATS.

NB: The percentages presented in this figure refer to CY2020.

²⁶ For more information on the SFS: https://agriculture.ec.europa.eu/system/files/2018-10/small-farmers-scheme_en_0.pdf

- In CY2020, the SFS applicants represented between 0.8% (SI) and 79% (MT) of the total decoupled DP applicants (see Figure 8.2).
- However, between CY2018 and CY2020, the total number of admissible SFS applicants has dropped in each and every Member State applying this scheme, with the overall decrease averaging -18% at the EU level. The largest declines were observed in Member States such as EL, IT and RO). Member States with the smallest decreases were SI, DE and EE. These declines are due either to ‘inactive farmers’ or farmers having withdrawn from the SFS in years 2018-2020.
- “Inactive participants” may be farmers who did not apply for direct payments at all in 2020 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 (CY2018-CY2020)



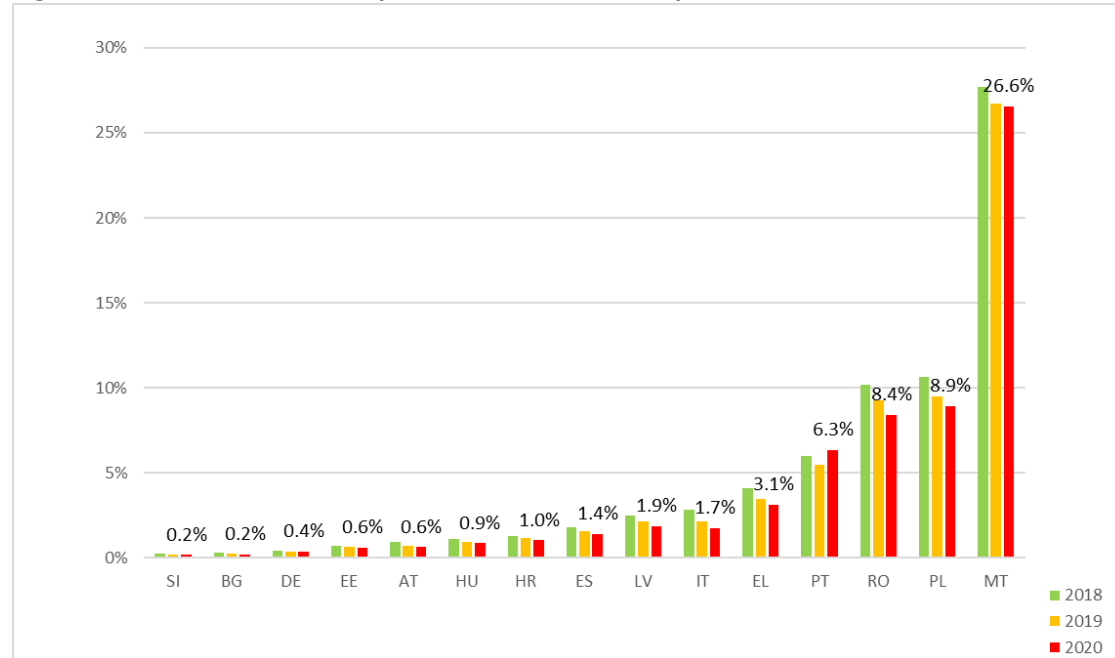
Data source: Member States' notifications in CATS.

NB: The percentages presented in this figure refer to CY2020.

The total expenditure for the SFS in CY2020 amounted to EUR 726 million (down from EUR 800 million in CY2019 and EUR 893 million in CY2018), representing 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 (26.6%) in CY2020, followed by PL (8.9%) and RO (8.4%). 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 (CY2018-CY2020)



Data source: Member States' notifications in AGREX.

NB: The percentages presented in this figure refer to CY2020.