



Direct Payments, conditionality & common definitions

The new CAP DP in a nutshell!

DG AGRI
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Definitions

To ensure a common level playing field across the EU,

To ensure an equal treatment for EU farmers,

To provide the necessary flexibility to MS for local particularities.

Definitions

Agricultural activity

- Contribute to the provision of private and public goods through either production or maintenance

Agricultural area

- Arable land
- Permanent crops
- Permanent grassland

Definitions

Arable land

- Land cultivated for crop production
- or land available for such but lying fallow

Permanent crops

- Non-rotational crops (+5 years)
- Nurseries
- Short rotation coppice

Permanent grassland

- Self-seeded or sown land not included in crop rotation OR
- Not ploughed up / tilled / reseeded OR
- Other species in particular circumstances
 - (+5 years)

Definitions

Eligible hectare

- Any agricultural area at farmer's disposal for which support is requested and is used (predominantly) for an agricultural activity

Active farmers

Natural or legal persons engaged in at least a minimum level of agricultural activity

Objective and non-discriminatory criteria

Definitions

Young farmer

- >35-40 years-old
 - Head of the holding
 - Appropriate training and skills

New farmer

- Other than young farmer
 - Head of the holding
 - Appropriate training and skills

Conditionality

Environment, climate, animal/plant health...and social

Main outcomes

- **9 GAEC** retained in SPR (all except one GAEC 5 on use of Farm Sustainability Tool for Nutrients);
- All GAEC applicable **from 2023**, except GAEC 2
 - ▶ *GAEC 2: MS may provide for application as from 2024 or 2025 (in the CSP) if duly justified according to the need to put in place management system (mapping relevant areas)*
- All GAEC applicable in principle and, where relevant, **across overall territory and for all farmers**
- **Possibility to set additional** standards to those in Annex III, but in line with the corresponding objectives of this Annex

Climate change

- GAEC 1: Maintenance of **permanent grassland** based on a ratio PG/agricultural area (at national, regional, sub-regional, holding level) **(G)**
- GAEC 2: Protection of **wetland and peatland (New)**
- GAEC 3: **Ban on burning** arable stubble, except for plant health reasons **(X-C)**

Water

- GAEC 4: Establishment of **buffer strips** along water courses stubble [minimum width of 3 meters] **(X-C)**

Soil

- GAEC 5: **Tillage management** reducing soil erosion risk with slope consideration **(X-C)**
- GAEC 6: **Minimum soil cover** to avoid bare soil in **periods that are most sensitive (X-C)**
- GAEC 7: Crop **rotation** in arable land, except for crops growing under water **(G)**

Biodiversity and landscapes

- GAEC 8: Minimum **share of agricultural area [arable land] devoted to non-productive areas or features**, retention LF, ban cutting hedges/trees during bird rearing season **(G)**
- GAEC 9: **Ban on converting or ploughing permanent grassland designated as environmentally-sensitive** in Natura 2000 sites **(G)**



GAEC 7

- Rotation: change of crop at least once a year at land parcel level (except in case of multiannual crops, grasses and other herbaceous forage, and land lying fallow), including the appropriately managed secondary crops
- On the basis of diversity of farming methods and agro-climatic conditions Member States may authorise in the regions concerned other practices of enhanced crop rotation with leguminous crops or crop diversification, which aim at improving and preserving the soil potential in line with the objectives of this GAEC
- Farmers certified as OF are deemed to comply with this GAEC

GAEC 8

- Minimum share on arable land:
 - At least 4% of arable land at farm level devoted to non-productive areas and features
 - At least 7% of arable land devoted to non-productive areas and features, where a farmer commits to an “enhanced” eco-scheme; farmer can be remunerated for 4% in the case of a 7% commitment)
 - At least 7% of arable land at farm level devoted to non-productive areas and features, catch crops or N fixing crops, cultivated without the use of plant protection products, of which 3% shall be non-productive areas and features
- All land: Retention LF, ban cutting hedges/trees during bird rearing season, measures for avoiding invasive plant species

Social Dimension

Social Conditionality

- CAP payments will be linked to respecting the rights of workers
 - Labour authorities in MS will inform Agricultural Paying Agencies once a year on cases of non-compliance
 - Paying Agencies will apply a reduction to the payments to the farmer when problem is identified

Sectoral Interventions

- Sectoral interventions may be used for improving employment conditions in fruit and vegetables, hops, olive oil and table olives as well as for wine sector

FAS

- Advice to be provided via the Farm Advisory System

Directive 2019/1152 on
Transparent and
Predictable Working
Conditions

Directive 2009/104/EC
- minimum safety and
health requirements for
use of work equipment
by workers

Scope of Social
Conditionality
Mechanism

Directive 89/391/EEC
on improvement of
safety & health of
workers

[Regulation 492/2011 -
freedom of movement
for workers within the
EU]

How will social conditionality work?

Very diverse enforcement methodologies

Social domain is averse to outside interference

No possibility of prescribing control frequency/norms

Will use the existing systems in social domain

No level playing field

Social Conditionality enters in force 1/1/2025 (voluntary from 1/1/2023)

CAP plan
modification at
least 6 months
before intended
date of entry
into force.

Description
of how
legislation is
enforced.

Commission
to check
feasibility of
including
Reg.
492/2011

Direct Payments Interventions

The essentials and some specifics

Basic Income Support for Sustainability (BISS)

The essentials

Mandatory implementation

Annual area-based decoupled payment paid as a uniform amount per the eligible hectare

Pre-condition for DP under all other decoupled DP types of intervention

Possibility to differentiate in groups of territories with similar socio-economic or agronomic characteristics

The specifics

PEs might be kept by MS who already had them

Individual value may vary -> internal convergence

Receiving full support is conditioned to the enhanced conditionality.

Small Farmers Scheme (SFS)

The essentials

Voluntary implementation & participation

Replaces all other DP

Lump sum or payment per hectare options

Same eligibility conditions as for BISS

The specifics

Maximum 1250 EUR per beneficiary - lower one may apply!

Result should be an attractive amount

Receiving full support is conditioned to the enhanced conditionality

Complementary redistributive income support for sustainability (CRISS)

The essentials

Support small and medium sized farms

Mandatory implementation

Derogation included!

Complementary to BISS

Annual area-based decoupled payment

Receiving full support is conditioned to the enhanced conditionality.

The specifics

MS with PEs -> CRISS hectares cannot be excluded

Extra payment for a limited range of hectares

Possibility to differentiate in groups of territories with similar socio-economic or agronomic characteristics

Redistributive package

- Needs assessment in terms of fairer distribution
- Overview in the intervention strategy
- CRISS (10%) and its derogation
- Redistribution needs sufficiently addressed

Coupled Income Support (CIS)

The essentials

Voluntary implementation

Address difficulties of a sector/production important for economic, social or environmental reasons

Aims at improving competitiveness, quality & sustainability

Better targeting possibilities for increased efficiency

The specifics

Maximum budgetary threshold

Eligible sectors

Simplified management

CYSIF

The essentials

Create new agricultural activity by young farmers
+ additional income support after the initial
setting up

Voluntary implementation (with a caveat)

Complementary to BISS

Annual decoupled payment

Definition of young farmer + newly set up

The specifics

Maximum 5 years

Either payment per eligible hectare or lump-
sum payment

Maximum number of hectares

Continuation of the current support

Cotton

The essentials

Mandatory coupled support

Not subject to COM approval

Separate budget

Annual payment per (eligible) hectare

The specifics

4 Member States

Blue box (WTO)

Inter-branch organisations

Eco-schemes

The essentials

Environment, climate, animal welfare/AMR

Compulsory MS / voluntary farmers

For farmers/agricultural practices

Annual payment per (eligible)
hectare/livestock unit

The specifics

Annual/multi-annual, incentive/compensation

Baseline, 2 areas of action and scoring
system

Enhanced eco-schemes

Eco-schemes: payments

Additional to BISS - Art. 31(7)a

- Area eligible – **eligible hectare** to DP (as set in Art. 4 and defined by MS)
- Farmer needs to **receive the BISS** on eligible area
- Farmers **should not hold PE on all** the hectares receiving ES payment
- Payment for all hectares covered by the ES
- MS need to **justify the level of payments** by taking into account level of sustainability and ambition of practices committed, based on objective and transparent criteria
- WTO “green box” rules: notably no link with type/volume of production

In the form of compensation - Art. 31(7)b

- Area should be **eligible to DP** (Art. 4)
- Receiving the **BISS is not** a condition
- Payments per hectare **and per LU (for AW and climate-related commitments)**
- On the basis of additional costs/income loss and transaction costs (certification)
- **Taking into account targets set**

Ring-fencing for eco-schemes

Ring-fencing for eco-schemes: outcome

- Part of the political compromise – important to support the green ambition by ensuring an adequate level of financing for the eco-schemes
- Challenges: new type of intervention, uncertainty on uptake by farmers, direct payments are annual payments
- Certain flexibility granted to MS both at the level of planning and at the level of implementation (learning period)
- Without undermining the aim of having a ring-fencing: “Green funds shall stay green”

Ring-fencing for eco-schemes - planning

- Main rule: 25% of the annual allocations for direct payments are ring-fenced for eco-schemes
- Rebate at planning level based on “dark green” rural developments interventions:
 - If planning >30% of EAFRD allocation for Art. [65, 67 and 68]
 - Insofar as addressing env- and climate-related objectives : art. 6(1)(d), (e) and (f) and animal welfare under art. 6(1)(i)
 - Total eco-scheme rebate up to the amount by which the 30% is exceeded
- Limit: eco-scheme ring-fencing at least 12,5% of the direct payments annual allocation (except if Art. 65 planning > 150% of the eco-scheme ring-fencing, then 75% rebate is possible)

Eco-scheme ring-fencing - implementation

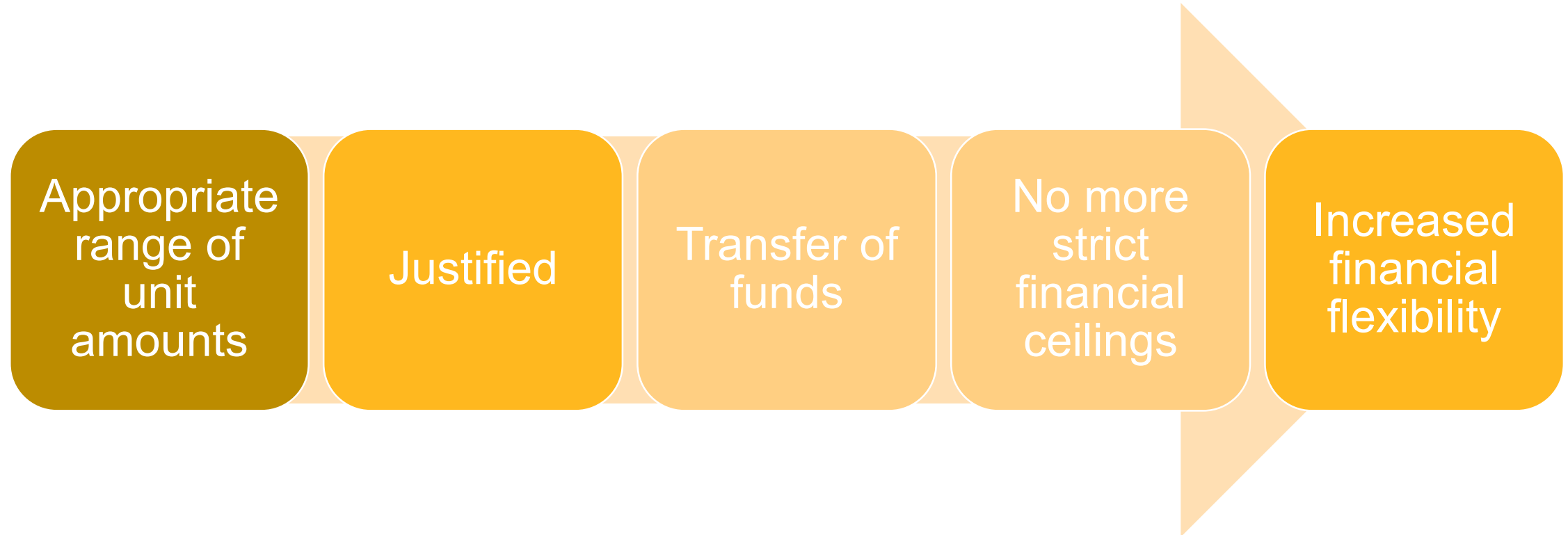
- Learning period: 2023 and 2024
 - Unused funds for ecoschemes can be transferred to other decoupled direct payments **WITHOUT COMPENSATION** within the year and IF within a limit of maximum 2,5% of direct payments allocations for 2023 and 2024.
 - For the two years together, IF amounts transferred beyond 2,5% must be **COMPENSATED** (increase the amounts planned for eco-schemes or for rural development interventions (art. 65, 67 and 68) for the following years of the period)
- For 2025 and 2026: 2% flexibility to transfer unspent funds: requires « compensation »

Ring-fencing – planning and implementation

Flexibility in implementation of eco-scheme ringfencing - example					
	2023	2024	2025	2026	2027
Planning	25%	25%	25%	25%	25%
Floor [5%]	Transfer to other decoupled DP: an amount corresponding to 2,5% of the sum of yearly allocations for the learning period without compensation, the rest with compensation*.				
Flexibility below floor [20-0%]	Transfer to other decoupled DP against compensation	Transfer to other DP against compensation			
2% flexibility			Transfer to other DP against compensation	Transfer to other DP against compensation	
*If the DP allocation for 2023 is 100 M and for 2024 100 M, then the MS may transfer 5M in 2023 and 5M in 2024. In total for the 2 years: 5 M without compensation and 5 M subject compensation					

Other financial aspects

Unit amounts and financial aspects



Thank you!

Questions?



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