



DIRECT PAYMENTS

Complementary redistributive income support for sustainability (CRISS)

This fiche presents the concept of the Complementary redistributive income support for sustainability (CRISS) in the post-2022 CAP reform and the implementation of this intervention by the Member States. It reflects the content of the CAP Plans approved by the Commission services by the end of 2022. It is made available without prejudice to any findings in respect of their compliance with the regulatory framework. It is provided on the understanding that in the event of a dispute involving Union law it is, under the Treaty on the Functioning of the European Union, ultimately for the European Court of Justice to provide a definitive interpretation of the applicable Union law.

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The Complementary redistributive income support for sustainability (CRISS) established under Regulation (EC) 2021/2115¹ replaces the Redistributive payment under Regulation (EC) No 1307/2013.

A fairer distribution is one of the key objectives of the CAP 2023-2027. At the EU level, the income per Annual Work Unit (AWU) increases, on average, with physical farm size. This phenomenon primarily reflects economies of scale: the larger the farm, the lower the unit cost, and typically the higher the income per worker.

The CRISS intervention is a dedicated tool established by the legal framework to allow Member States ensuring a more balanced distribution of direct payments, by redistributing support from larger to smaller or medium-sized holdings. It takes form of an annual decoupled payment per eligible hectare (the first hectares) to farmers entitled to a payment under the BISS. Put differently, the CRISS' primary goal is to support farm income, in particular that of small and medium-sized farms and thereby contributes to the CAP Specific objective SO1 'Support viable farm income and resilience across the Union to enhance food security'.

¹ Regulation (EU) No 2115/2021 Chapter 2 of Title II, Article 29.

I. Legal framework

Under the new CAP framework, the CRISS is a mandatory payment in accordance with Article 29(1), first subparagraph of the Regulation (EU) 2021/2115 (henceforth “the Basic act”). Member States are to allocate to it at least 10% of the adjusted envelope for direct payments, as established by Article 98(1)².

However, Member States have a possibility to apply for a derogation from these legal obligations (i.e., allocating less than 10% of the adjusted direct payments envelope to CRISS or not implementing CRISS at all), if they can demonstrate that redistribution needs are sufficiently addressed by other instruments and interventions financed by the EAGF, in accordance with Article 29(1), second subparagraph. These other instruments and interventions include: degressivity and capping, internal convergence, the small farmers’ scheme, coupled income support, eco-schemes, or the complementary income support for young farmers. The simple fact that such interventions or instruments are planned is not sufficient to justify the derogation as their design might not necessarily improve distribution and targeting of direct payments. Likewise, simply comparing the size of financial allocations is also not sufficient to justify the derogation (e.g., it is not because 10% of the DP is allocated to payment to small farmers that the latter becomes “automatic”). In fact, Member states must show, including based on quantitative evidence, that the combined effect of these other policy tools³ is to sufficiently address the identified redistribution needs⁴⁵.

Article 29(2) provides that Member States are to ensure redistribution of direct payments from larger to smaller or medium-sized holdings. In other words, the Basic act defines 1) the concept of redistribution in terms of physical farm size rather than economic farm size⁶ and 2) the direction of transfers which are to take place from larger to small and medium-sized farms. At the same time, the legal act does not specify physical farm size thresholds for smaller and larger holdings as farm structures widely differ across Member States.

In addition, Article 29(2) specifies that the CRISS is to take the form of an annual decoupled payment per eligible hectare to farmers who are entitled to a payment under the BISS. Put differently, CRISS beneficiaries must be eligible for the BISS, i.e., they must comply, among others, with the active farmer provisions and have eligible hectares at their disposal⁷. In this respect, it is important to stress that the legal text’s focus is on eligible hectares, which has implications, in particular for

² Annex IX of the Basic act specifies the amount of the adjusted envelopes for direct payments (i.e. budgetary allocations for direct payments without cotton and before transfers referred to in Article 87(1), third subparagraph).

³ The impact of different instruments and interventions on redistribution will depend on the specificities of their design, farm structure or other conditions.

⁴ Admittedly, the concept of “sufficiently address(-ing) redistribution needs” is not precisely defined within the Basic act.

⁵ To this end, the Basic act requires Member States to include a specific consistency overview in the CSP (Article 109(2)(d)); i.e., ‘an overview of how the aim of fairer distribution and more effective and efficient targeting of income support to be granted to farmers under the CAP Strategic Plan is addressed including, where applicable, information justifying the use of the derogation provided for in Article 29(1), second subparagraph’.

⁶ These two farm size concepts (physical/economic) are correlated at the level of the agricultural sector as a whole, although the degree of correlation varies across different sectors.

⁷ These are the basic eligibility conditions stemming from the Basic act, so there is no need to include them under Section 5.1 for CRISS in the CSP.

Member States using payment entitlements (PE). In fact, in cases in which a farmer holds more eligible hectares than PE, those eligible hectares for which the farmer does not hold PE cannot be excluded from the CRISS for the sole reason of not being covered by PE. This particularity with respect to the approach adopted under the BISS (for Member States using PE) is reflecting the fact that a link with the number of PE held by the farmer would not be justified in view of the objectives of the CRISS.

The fact that the CRISS takes form of an annual decoupled payment per hectare paid to beneficiaries based on the eligibility to the BISS also implies it is to be notified under the WTO Green Box (like all the other decoupled direct payments). The redistributive payment must therefore respect the fundamental requirement of having no trade-distorting effects or effects on production (no incentive to produce allowed) in accordance with paragraph 1 of Annex 2 to the WTO Agreement on Agriculture⁸.

Furthermore, in view of the above-mentioned differences in farm structures, and in the corresponding income support needs, Article 29(3) offers Member States a possibility to provide different amounts of complementary support for different ranges of hectares, to differentiate the support by regional level or by the groups of territories applied under the BISS and set a maximum threshold for the CRISS. This significant flexibility conferred to Member States in terms of the setup of ranges and thresholds implies that they may exclude from the CRISS holdings whose physical farm size is below a certain limit (going beyond minimum requirements)⁹ or above a certain limit¹⁰.

Regarding the CRISS unit amount, the legal framework imposes a specific condition: it cannot exceed the national average amount of direct payments per hectare¹¹ – a constraint that applies for each individual claim year during the programming period (cf. Article 29(4)).

In the case of a legal person, or a group of natural or legal persons, Member States have a possibility to apply the CRISS at the level of the members of these legal persons or groups if certain conditions are met (in particular, the national law is to allow these individual members to assume rights and obligations comparable to those of individual farmers who have the status of a head of holding) in

⁸ The Basic act (Article 10 and Annex II) further specifies that CRISS intervention must comply with paragraphs 5 (if implementation of the related BISS is not based on payments entitlements) or 6 (if implementation of the related BISS is based on payment entitlements) of Annex 2 to the Agreement on Agriculture. In practice it means that the amount of payments cannot be based on the type or volume of production, prices, or factors of production.

⁹ Such approach could be envisaged, for example, in cases where income support needs may be relevant only above a certain size, or the payment for small farmers is considered more efficient for smaller farms, or where the intention is to target support to economically more viable farms. In line with the New Delivery Model, Member States must justify that such exclusion is to address the identified redistribution needs.

¹⁰ Note that by granting the CRISS only to farms below a certain limit, the threshold effect becomes very strong. If, for example, the threshold is fixed at 20 hectares, a farmer with 21 hectares will no longer be entitled to benefit from the redistributive payment and, in fine, will receive less income support (both per hectare and in nominal terms) than a farmer with 20 hectares, all other things being equal. This could induce more artificial farm splitting. However, in accordance with Article 62 of Regulation (EU) 2021/2116 (“circumvention clause”), Member States must take effective and proportionate measures to avoid circumvention of provisions of Union law, including the CRISS. In particular, no advantage can be granted in favour of a farm in respect of which it is established that the conditions required for obtaining such advantages were created artificially, contrary to the objectives of the legislation concerned.

¹¹ Article 29(5) defines the national average amount of direct payments per hectare as the ratio of the national ceiling for direct payments for a given claim year laid down in Annex V and the planned total number of hectares under the BISS for that claim year.

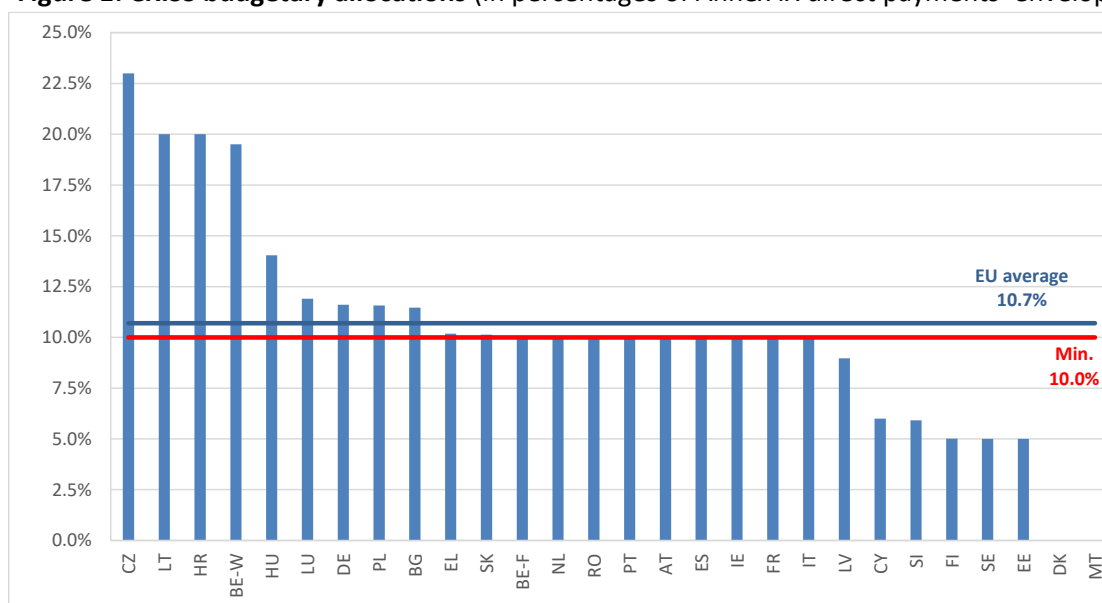
accordance with Article 29(6). Moreover, in the case of farmers who are part of a group of affiliated legal entities, as determined by Member States, Member States may apply the maximum number of hectares at the level of that group (under conditions to be determined by Member States).

The information related to the CRISS is presented under Section 5.1 of the CAP Strategic plans (CSPs), while the description of redistribution needs and Member States' justification for a derogation (where applicable) are included under Section 3.4.

II. Policy choices

Member States' choices as regards the CRISS budgetary allocations, based on the CSPs adopted in 2022, are depicted in Figure 1.

Figure 1: CRISS budgetary allocations (in percentages of Annex IX direct payments' envelopes)



Source: DG AGRI.

The picture that emerges from this figure is as follows:

- All EU Member States have implemented CRISS, except DK and MT. In other words, the redistributive payment has been implemented in 26 CSPs out of 28 in total¹²;
- In terms of policy choices with respect to the CRISS budgetary allocations, they strongly vary from 23% in CZ to 5% in EE, FI, SE (the lowest CRISS percentage for the group of MS that have implemented it), with no CRISS at all in DK and MT, as already mentioned above. In this respect, it is important to highlight that the fact that a given Member State is implementing less than 10% CRISS, or not implementing CRISS at all, does not imply there is less or no redistribution (i.e., redistribution and CRISS are two different, though inter-related, elements: CRISS is a policy tool to achieve a policy objective of better redistribution). In fact, the CRISS is a core, but not a sole, instrument included in the CAP toolkit to improve distribution and targeting of direct payments;

¹² Belgium submits two separate CAP Strategic plans, one for Flanders and one for Wallonia.

- At the EU level, the average CRISS budgetary allocation over the whole programming period amounts to 10.7% of the overall adjusted direct payments' envelope¹³ and well above the regulatory minimum. Consequently, the annual CRISS budgetary allocation is approximately 2.5 times higher than what was paid through the voluntary redistributive payment under the previous CAP framework¹⁴;
- In 20 CSPs, the CRISS budgetary allocation is equal to or greater than the regulatory minimum of 10% (BE-F, BE-W, BG, CZ, DE, IE, EL, ES, FR, HR, IT, LT, LU, HU, NL, AT, PL, PT, RO, SK), out of which 12 CSPs assign more than 10% of the adjusted direct payments' envelope to the CRISS (BE-F, BE-W, BG, CZ, DE, EL, HR, LT, LU, HU, PL, SK), with CZ applying the highest CRISS allocation, in relative terms, namely 23%;
- Eight Member States requested a derogation under Article 29(1), second subparagraph, either from the 10% ring-fencing requirement (EE, CY, LV, SI, FI, SE,) or CRISS implementation (DK, MT);
- Nine Member States will apply two or more ranges of hectares with different unit amounts (AT, DE, ES, EE, HU, LT, LU, LV, SK) and three Member States will differentiate unit amounts by groups of territories (ES, EL, AT);
- Eight Member States exclude from the CRISS farms whose physical farm size exceeds a certain maximum threshold: EL (> 11 ha for arable land, > 4 ha for permanent crops, > 17 ha for permanent grassland)¹⁵; IT (> 50 ha); RO (> 50 ha); PT (> 100 ha); PL (> 300 ha); LT (> 500 ha); BG (> 600 ha) and HU (> 1 200 ha);
- Three Member States set up the minimum thresholds for CRISS (below which the redistributive payment is not granted) exceeding the area minimum requirements thresholds for direct payments (where applicable): EL (< 2 ha for arable land, < 1 ha for permanent crops, < 1 ha for permanent grassland; i.e. very small farms with limited financial viability prospects); LV (< 3 ha; income needs of very small farms are addressed to a higher degree and more efficiently via the payment for small farmers); and IT (< 0.5 ha);
- Finally, in accordance with Article 29(6), thresholds/limits at the level of members of legal persons or groups are applied in four CSPs (BE-W, ES, FR, IE), while thresholds/limits at the level of group of affiliated legal entities are set up in two Member States (ES, IE).

¹³ This EU average is calculated as the sum of the Member States' CRISS budgetary allocations over the whole programming period, divided by the sum of the Member States' adjusted direct payments envelopes over the whole programming period specified in Annex IX.

¹⁴ On average, around EUR 4.0 billion will be allocated to the CRISS in the 27 Member States annually compared to EUR 1.6 billion under the previous CAP framework (expenditure for claim year 2020). This EUR 1.6 billion, accounting for about 4.3% of the total direct payments envelope at the EU level in CY 2020, was paid through the voluntary redistributive payment which was implemented in nine Member States (and ranged from 2% to 15% of the direct payments' envelope).

¹⁵ See Greece's CSP, Section 5.1 on CRISS that outlines conditions for farms with different types of land.

Table 1 below depicts the CRISS budgetary allocations over the programming period, based on the CSPs adopted in 2022. It shows that the budgetary allocation to the redistributive payment will amount to about EUR 4.0 billion annually or EUR 20.0 billion (i.e. 10.7% of the adjusted direct payments' envelope) over the whole programming period at the EU level.

Table 1: CRISS budgetary allocations
(in euros)

	CY2023/FY2024	CY2024/FY2025	CY2025/FY2026	CY2026/FY2027	CY2027/FY2028	FY2024 - FY2028
BE-W	51,797,174	51,797,174	51,797,174	51,797,174	51,797,174	258,985,870
BE-F	20,836,928	20,557,636	20,507,636	20,228,338	22,984,992	105,115,530
BG	92,170,563	93,424,141	94,473,351	95,528,713	95,199,474	470,796,242
CZ	189,412,732	189,412,732	189,412,732	189,412,732	189,412,732	947,063,660
DK	0	0	0	0	0	0
DE	530,895,110	524,996,275	516,148,023	501,400,937	501,400,937	2,574,841,281
EE	9,821,828	9,964,865	10,107,901	10,250,937	10,250,937	50,396,468
IE	118,628,200	118,628,200	118,628,200	118,628,200	118,628,200	593,140,998
EL	174,032,766	174,032,766	174,032,766	174,032,766	189,167,000	885,298,064
ES	481,518,912	482,248,873	482,978,835	483,708,796	483,708,796	2,414,164,212
FR	673,644,004	673,644,004	673,644,004	673,644,004	728,500,054	3,423,076,069
HR	74,954,047	74,954,047	74,954,047	74,954,047	74,954,047	374,770,237
IT	349,624,386	349,624,386	349,624,386	349,624,386	362,252,916	1,760,750,461
CY	2,858,852	2,858,852	2,858,852	2,858,852	2,858,852	14,294,262
LV	29,501,306	29,920,779	30,344,200	30,797,435	33,140,440	153,704,160
LT	117,412,875	119,122,771	120,832,667	122,542,564	122,542,563	602,453,439
LU	3,896,230	3,896,230	3,896,230	3,896,230	3,896,230	19,481,150
HU	189,176,283	189,176,283	189,176,283	189,176,283	174,571,685	931,276,816
MT	0	0	0	0	0	0
NL	60,923,734	57,959,205	55,047,825	52,128,304	72,000,000	298,059,068
AT	67,758,185	67,758,185	67,758,185	67,758,185	67,758,185	338,790,925
PL	403,487,768	407,094,645	410,701,521	414,308,398	368,505,055	2,004,097,387
PT	69,844,154	70,722,558	71,600,962	72,479,366	63,999,663	348,646,703
RO	189,710,219	192,746,482	195,220,474	197,994,344	203,017,298	978,688,816
SI	7,774,811	7,775,050	7,774,775	7,774,504	7,774,237	38,873,376
SK	40,509,076	40,798,771	41,087,800	41,275,301	41,275,301	204,946,249
FI	26,000,000	26,100,000	26,200,000	26,300,000	26,300,000	130,900,000
SE	34,306,598	34,318,006	34,329,413	34,340,821	34,340,821	171,635,659
EU-27	4,010,496,740	4,013,532,915	4,013,138,242	4,006,841,617	4,050,237,587	20,094,247,101

Source: DG AGRI (based on the amounts planned in the CSPs adopted in 2022).

Note: The current CAP framework spans over two different MFF periods, which implies that transfers between the two Pillars cannot be planned for CY2027/FY2028. Consequently, a level shift/trend break appears in the planned amounts for the last year of the programming period for the Member States that opted to implement these transfers under the current CAP framework.

Naturally, the key question is whether and to what extent the CRISS will help improving distribution and targeting of direct payments. Based on the elements planned in the CSPs, and in particular the target values for the result indicator R.6 measuring a redistribution to smaller farms¹⁶, the CRISS implementation is projected to help increasing, on average, the value of the indicator at the EU level from 108.3% in claim year 2020 to 115.0% CSPs target¹⁷. In other words, the level of average direct

¹⁶ R.6 indicator is defined as a ratio between the average direct payments per hectare for eligible farms below average farm size and the average direct payment per hectare for all farms. It shows therefore the percentage of additional direct payments per hectare for eligible farms below average farm size (compared to average). Note that it takes into account the distributional impact of all direct payments' interventions (except for the crop-specific payment for cotton).

¹⁷ Based on the simple arithmetical average of national R.6 values (28 CSPs).

payments per hectare for smaller farms is to significantly increase, standing 15% above the level of average direct payments per hectare for all farms. Note that the value of R.6 is estimated to exceed 100% in 25 CSPs (DK, LV, LT, HU, CZ, FR, AT, IE, PT, ES, NL, SK, DE, BE-W, BE-F, MT, PL, IT, CY, HR, RO, LU, EL, EE and BG), out of which 19 CSPs show an increasing trend (DK, LV, HU, CZ, AT, IE, NL, SK, DE, ES, BE-WA, PL, IT, CY, HR, RO, LU, EE and BG). In the remaining three CSPs out of the total 28, the value of R6 indicator is also projected to increase to close to, but below, the 100% threshold.

Conclusion

The CRISS is a mandatory, yet very flexible, tool whose core objective is to promote a more balanced distribution of income support to small and medium-sized farms. This flexibility is allowed by the legal framework as farm structures and redistribution needs significantly vary across EU countries. At the same, Member States must allocate at least 10% of the adjusted direct payments' envelope to this specific intervention. However, they have a possibility to derogate from the redistributive payment or the minimum percentage, only if and if they can demonstrate that redistribution needs are sufficiently addressed by other EAGF tools.

Insofar there is no unique "one size fits all" approach to design the redistributive payment, assessment of the CRISS implementation is to be anchored within an evaluation metrics that duly takes into account not only legal requirements but also the flexibility build in the common legal framework and Member States' needs (national context).

The elements planned in the CSPs (including R.6 target values) allow to conclude that the CRISS implementation is a step into the right direction that will help improving distribution and targeting of direct payments, in line with the objectives set under the new CAP framework.

Annex: Overview of Member States' policy decisions as regards the CRISS

Member State	CRISS % ⁽¹⁾	CRISS territorialisation	Range(s) (in ha)	Unit amount (UA) CY2023/FY2024 (in EUR)	Exclusion of farms based on physical farm size ⁽²⁾ (in ha)
BE-F	10.1	N	0-30	52.76	N
BE-W	19.5	N	0-30	143.00	N
BG	11.5	N	0-30	123.05	Y (farms over 600 ha)
CZ	23.0	N	0-150	153.90	N
DK	n.a. ⁽³⁾	n.a.	n.a.	n.a.	n.a.
DE	11.6 ⁽⁴⁾	N	1-40 41-60	UA1: 69.16 UA2: 41.49	N
EE	5.0	N	1-10 10-130	UA 1: 10.00 UA2: 23.23	N
IE	10.0	N	0-30	43.14	N
EL	10.2	Y (3 territories)	Arable land: 2-11 Permanent crops: 1-4 Permanent grassland: 1-17	UA1: 138.00 UA2: 116.00 UA3: 177.00	Y (farms below min. and above max. thresholds) ⁽⁵⁾
ES	10.0	Y (20 territories)	Different range(s) across territories	Different UA(s) across territories	N
FR	10.0	N	0-52	48.00	N
HR	20.0	N	0-30	110.22	N
IT	10.0	N	0-14	81.70	Y (farms over 50 ha)
CY	6.0	N	0-30	27.87	N
LV	9.0	N	3-30 30-100	UA1: 53.25 UA2: 12.52	Y (farms below 3 ha)
LT	20.0	N	1-10 10-20 20-30 30-50	UA1: 74.60 UA2: 80.77 UA3: 94.48 UA4: 107.59	Y (farms over 500 ha)
LU	11.9	N	0-30 30-70	UA1: 30.0 UA2: 70.0	N
HU	14.0	N	1-10 10-150	UA1: 79.99 UA2: 40.00	Y (farms over 1,200 ha)
MT	n.a.	n.a.	n.a.	n.a.	n.a.
NL	10.0	N	0-40	54.00	N
AT	10.0	Y (2 territories)	Homeland: 0-20 20-40 Alpine pastures: Not eligible	UA1: 44.70 UA2: 22.30 n.a.	N

Member State	CRISS % ⁽¹⁾	CRISS territorialisation	Range(s) (in ha)	Unit amount (UA) CY2023/FY2024 (in EUR)	Exclusion of farms based on physical farm size ⁽²⁾ (in ha)
PL	11.6	N	0-30	39.10	Y (farms over 300 ha)
PT	10.0	N	0-20	120.00	Y (farms over 100 ha)
RO	10.0	N	1-50	50.61	Y (farms over 50 ha)
SI	5.9	N	0-8.20	27.38	N
SK	10.1	N	1-100 101-150	UA1: 80.00 UA2: 40.00	N
FI	5.0	N	0-50	17.68	N
SE	5.0	N	0-150	15.40	N

Source: DG AGRI (based on CAP Strategic plans approved in 2022).

Note:

- (1) CRISS allocation over the whole CAP programming period (CY2023/FY2024-CY2027/FY2028) as a share of the adjusted direct payments' envelope which are defined in Annex IX of Regulation (EU) 2021/2115.
- (2) Minimum thresholds for CRISS are specified only in cases where they exceed thresholds for the minimum requirements.
- (3) N.a. = not applicable.
- (4) In Germany, the financial allocation to CRISS amounts to 12.0% of the adjusted direct payments' envelope over the period CY2023/FY2024-CY2026/FY2027. In fact, the current CAP framework spans over two different MFF periods, which implies that transfers between the two Pillars cannot be planned for CY2027/FY2028 (i.e. the last year of the CAP programming period). Consequently, the average allocation to CRISS over the whole CAP programming period comes in at 11.6%.
- (5) Beneficiaries with eligible hectares in one single agronomic region (one single territory) are eligible for CRISS if and only if the number of eligible hectares they hold is above the respective minimum threshold and below the respective maximum threshold. As to beneficiaries with eligible hectares in several agronomic regions (in at least two territories), they are eligible to CRISS if and only if their total eligible area exceeds the minimum threshold in at least one agronomic region but remains below 17 "equivalent hectares" (the number of "equivalent hectares" is calculated based on region-specific conversion factors).