

DIRECT PAYMENT

Payments for small farmers (PSF)

This fiche presents the concept of the payment for small farmers 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 (first version) by the end of 2022. It is made available without prejudice to any finding 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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More than three quarters of farm holdings in the European Union (EU) are small – below 10 hectares – with a large number being below 5 hectares. On average, smallest farms (< 5 and < 10 ha) have the lowest agri-entrepreneurial income (below EUR 10 000 per Annual Work Unit (AWU), less than half of average income in agriculture in EU28). Therefore, specific income support for small farms is a relevant element of the income support policy within the CAP.

As expressed in recital 58 of the Regulation 2021/2115 on CAP Strategic Plans (CSP): “small farms remain a cornerstone of the EU agriculture as they play a vital role in supporting rural employment and contribute to territorial development”.

1. Introduction

The Payment for small farmers (PSF) is a voluntary type of intervention for Member States (MS) and for farmers.

The purpose of the payments for small farmers is:

- to promote a more balanced distribution of support;
- contributing to the vitality and dynamics of rural areas, where small farms play an important economic role;

- to reduce administrative burden for both beneficiaries of small amounts and managing authorities.

5 Member States have opted for its implementation: BG, CZ, LV, MT and PT while other MS decided to address the needs of small farms through other interventions (e.g. complementary redistributive income support for sustainability...).

2. Main features

The PSF is a simplified direct payment scheme (DP) which replaces all other DP schemes¹ (including basic income support for sustainability (BISS), the complementary redistributive income support for sustainability (CRISS), eco-schemes, complementary income support for young farmers (CISYF) and coupled income support (CIS)) with the following characteristics:

- Payments for small farmers are available through a lump sum identical for all farmers or through a payment per hectare. Both lump-sum and the per hectare payment can be differentiated by area threshold (see section 4).
- The maximum amount per farmer is EUR 1250.
- In the upcoming period, farmers benefitting from the new small farmers' payments will not be exempted from conditionality. However a simplified control system to be set by Member States is made possible through Article 83(2) of the EU Regulation N°2116/2021.

3. Participation into the scheme

By replacing all other DP it means that farmers applying for the small farmer payment cannot receive any other direct payment.

The eligibility conditions are the same as for the Basic Income Support for Sustainability (BISS). This means that farmers must comply with the active farmer provisions and respect the minimum requirements referred to in Article 18 of the SPR.

4. Payment method and associated conditions

4.1 For the lump sum, the MS established the unit amount of the small farmers' payment (identical for all farmers) which will ensure the desired support to small farmers. As farm structures are

¹ Article 29 of Strategic Plan Regulation (SPR) 2115/2021

different across the EU, there is no common definition nor imposed ranges at EU level, except for the maximum EUR 1 250.

Four Member States will apply a lump sum payment: BG, LV, MT and PT.

4.2 Regarding the payment per hectare, the MS also established the amount which will ensure the desired support to small farmers compared to the average support per ha that the farmer would have received through the combination of the standard DP interventions (CRISS, BISS, CISYF, CIS). Like for the lump sum, there is a maximum per farmer set at EUR 1 250 EUR.

One Member State will apply a payment per hectare: CZ

5. Summary of implementation decisions

Amongst the 27 Member States, 5 have opted for the PSF: BG, CZ, LV, MT and PT.

Tabel 1. MS CSP payments for small farmers (2023-2027)

Member States applying the PSF	PSF envelope	PSF (share of DP)	Type of payment	Target group
Bulgaria	14 375 000	0.35%	Lump sum (EUR 1250)	/
Czechia	16 628 435	0.4%	EUR/ha 312) - payment per ha	1 to 4 ha
Latvia	37 704 500	2.2%	EUR 500 - lump sum	1 to 3 ha
Malta	2 461 230	5.7%	EUR 250 - lump sum	0.3 to 1 ha
Portugal	319 581 387	9.16%	500 EUR (up to 1ha) 850 EUR (1 - 2 ha) 1050 EUR (more than 2ha) - Lump sum	1 to 3 ha