



REPORT on the Implementation of direct payments [outside greening]

Claim year 2015

This report presents the implementation of direct payments by Member States for claim year 2015. 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. This report updates the previous consolidated report taking into account the ISAMM notifications on the set-up and implementation of the Basic Payment Scheme (BPS) sent by France and Italy in November 2017.

December 2017

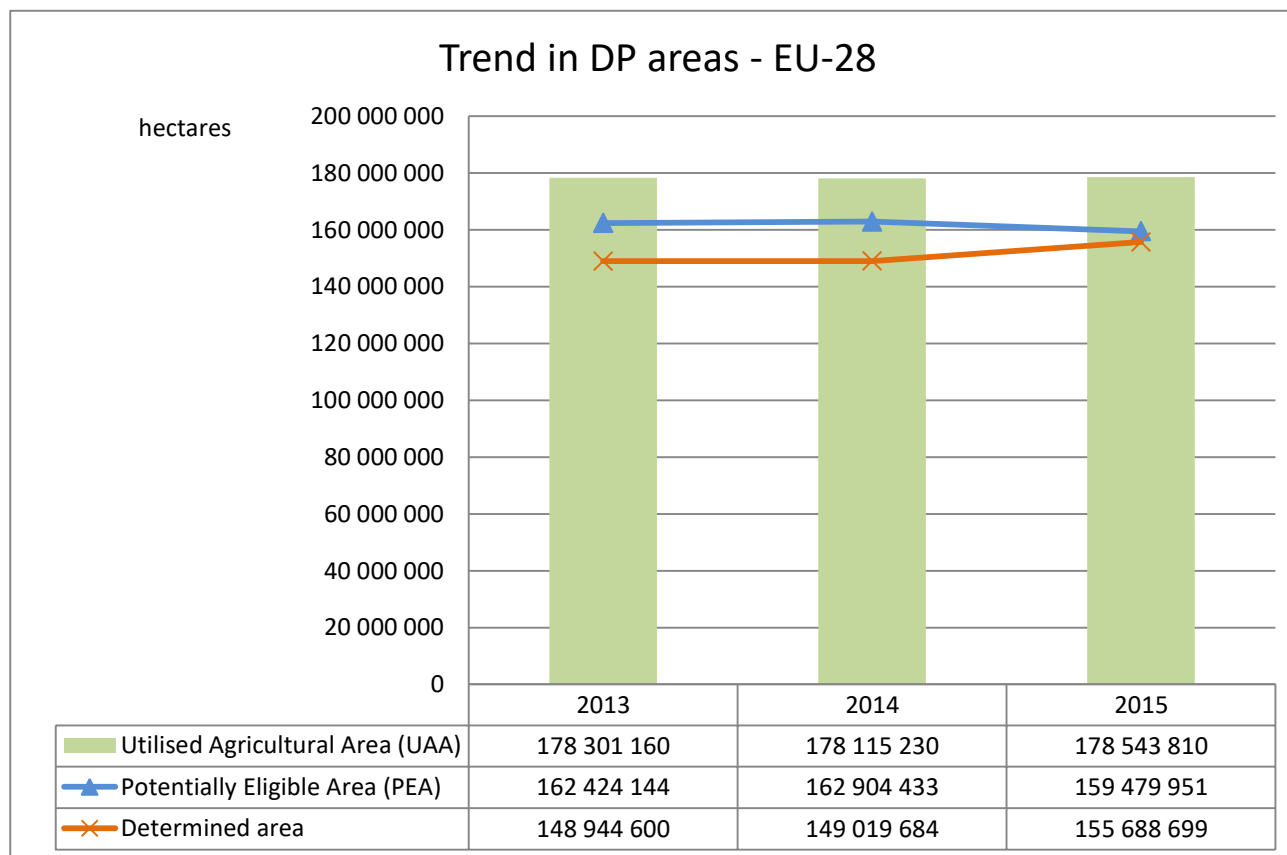
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I GENERAL IMPLEMENTATION DATA

I.1. A broader area receiving direct payments after the 2013 CAP reform

- The **Potentially Eligible Area (PEA)** of Direct Payments (DP) has slightly decreased between 2014 and 2015 (-2%), mainly due to the exclusion of ineligible features in one Member State (correction following audit).
- The PEA covers about 90% of the Utilised Agricultural Area in the EU.
- The **determined area has increased by 4%** as a result of one of the 2013 reform objectives to cover as much as possible all agricultural area with payment entitlements.
- In 2015 the determined area is only 2% below the PEA compared to 9% below in 2014.
- It is still 13% below the Utilised Agricultural Area (UAA), but it was 16% below in 2014.



UAA: Utilised Agricultural Area: it corresponds to the total area irrespective of any claim for direct payments.

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

Determined area: it 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 Basic Payment Scheme the number of payment entitlements.

NB: These statistics correspond to the area declared by farmers applying to the single payment scheme (2013 and 2014), basic payment scheme (2015), single area payment scheme (all years) and small farmer scheme (2015). They do not cover potential area declared by farmers who applied only for certain coupled payments (like cotton payments; voluntary coupled support...), which is marginal.

Source: UAA – ESTAT and DG AGRI. PEA and Determined area – MS reports to CATS.

I.2. The total agricultural area and the area getting direct payments in 2015

- The differences between the determined area and the PEA are explained by the limitations in the number of payment entitlements compared to the eligible area for the 18 BPS Member States (see point III.1 below) and by the result of controls for all Member States.
- Member States with the highest differences between PEA and determined area are ES, UK, FR, IT and PT.
- UAA is usually higher than PEA and determined area. However it is sometimes lower because of differences in the definition of eligible area for direct payments and UAA (e.g. common land is not always included in UAA).
- The differences between the determined area and the UAA can be explained by several factors: farmers below the minimum requirements for being granted direct payments, farmers not fulfilling the eligibility conditions for being allocated payment entitlements in BPS Member States (some fruit and vegetables or wine producers in certain Member States), farmers not applying for direct payments...
- Member States with the highest differences between UAA and determined area are RO, HR, MT, BG, PT and EL.

in hectares	2015						
	Utilised Agricultural Area	Potentially Eligible Area (BPS/SAPS + SFS)	Determined Area (BPS/SAPS + SFS)	Difference between Determined and PEA	% Difference /PEA	Difference between Determined and UAA	% Difference /UAA
BE	1,330,880	1,369,844	1,332,122	-37,722	-3%	1,242	0%
DK	2,632,950	2,598,201	2,590,641	-7,561	0%	-42,309	-2%
DE	16,730,700	16,918,535	16,871,840	-46,695	0%	141,140	1%
IE	4,429,140	4,516,313	4,402,396	-113,916	-3%	-26,744	-1%
EL	4,869,610	3,841,913	3,809,662	-32,250	-1%	-1,059,948	-22%
ES	23,897,140	20,424,358	19,379,854	-1,044,504	-5%	-4,517,286	-19%
FR	29,115,250	26,952,192	26,064,381	-887,811	-3%	-3,050,869	-10%
HR	1,537,630	1,029,284	1,014,209	-15,075	-1%	-523,421	-34%
IT	12,648,080	10,555,586	10,068,560	-487,026	-5%	-2,579,520	-20%
LU	131,380	122,484	122,283	-201	0%	-9,097	-7%
MT	11,690	8,192	8,190	-2	0%	-3,500	-30%
NL	1,845,750	1,752,155	1,734,459	-17,696	-1%	-111,291	-6%
AT	2,720,400	2,576,477	2,550,442	-26,035	-1%	-169,958	-6%
PT	3,699,980	2,913,290	2,766,943	-146,348	-5%	-933,037	-25%
SI	476,860	450,121	449,453	-668	0%	-27,407	-6%
FI	2,273,300	2,261,451	2,259,782	-1,669	0%	-13,518	-1%
SE	3,028,350	2,962,181	2,931,686	-30,495	-1%	-96,664	-3%
UK	17,147,000	15,121,124	14,496,037	-625,087	-4%	-2,650,963	-15%
BPS MS	128,526,090	116,373,701	112,852,938	-3,520,762	-3%	-15,673,152	-12%
BG	5,011,490	3,687,668	3,649,988	-37,681	-1%	-1,361,502	-27%
CZ	3,493,720	3,539,381	3,538,533	-848	0%	44,813	1%
EE	993,600	953,923	948,493	-5,430	-1%	-45,107	-5%
CY	126,470	136,078	134,297	-1,781	-1%	7,827	6%
LV	1,884,800	1,667,985	1,654,174	-13,811	-1%	-230,626	-12%
LT	3,005,960	2,819,000	2,802,811	-16,190	-1%	-203,149	-7%
HU	5,346,450	4,981,603	4,942,498	-39,105	-1%	-403,952	-8%
PL	14,398,200	14,162,216	14,132,444	-29,772	0%	-265,756	-2%
RO	13,835,470	9,283,199	9,175,278	-107,922	-1%	-4,660,192	-34%
SK	1,921,560	1,875,197	1,857,246	-17,951	-1%	-64,314	-3%
SAPS MS	50,017,720	43,106,250	42,835,761	-270,490	-1%	-7,181,959	-14%
EU-28	178,543,810	159,479,951	155,688,699	-3,791,252	-2%	-22,855,111	-13%

UAA: Utilised Agricultural Area: it corresponds to the total area irrespective of any claim for direct payments.

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

Determined area: it 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 Basic Payment Scheme the number of payment entitlements.

Source: UAA – ESTAT and DG AGRI. PEA and Determined area – MS reports to CATS.

NB: These statistics correspond to the area declared by farmers applying to the basic payment scheme, single area payment scheme and small farmer scheme. They do not cover potential area declared by farmers who applied only for certain coupled payments (like cotton payments; voluntary coupled support...), which is marginal.

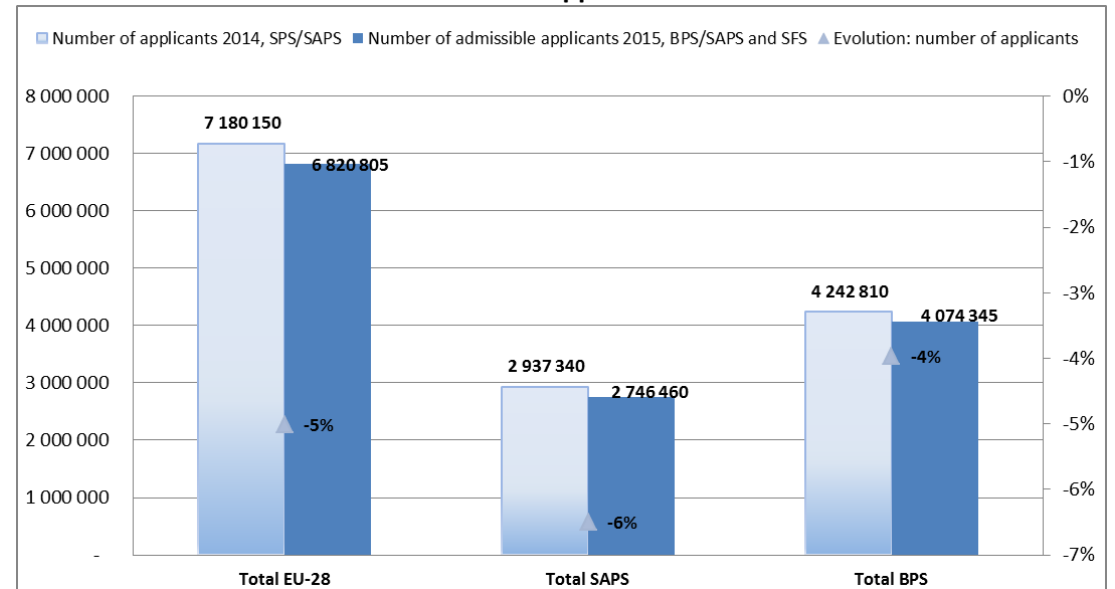
I.3. Slightly less applicants for decoupled direct payments in 2015

- Eligibility for the basic payment (BPS/SAPS – see point III.1 below)) is a pre-condition to qualify for direct payments (with the exception of coupled support).
- A comparison between the 2014 and 2015 data shows there is a **slight decrease (overall -5%) in the number of applicants**.
- Such decrease can partially be explained by the difference in data sources: in 2014 data no distinction was made between admissible applicants and non-admissible applicants*, while in 2015, (due to improved reporting) only data on admissible applicants are taken into account.
- The sharpest decrease in the number of applicants is observed in BG (-35%), UK-Northern Ireland (-20%), UK-England (-15%) and RO (-14%).
- At the same time, in some Member States, an increase in the number of applicants is observed (notably in PT +18% followed by FR and UK-Scotland, +5% and +4% respectively).
- These differences are not always the result of Member States' policy choices for the implementation of direct payments from 2015. For more details see table below.

NB: These statistics correspond to the number of farmers applying to the single payment scheme (SPS) or single area payment scheme (SAPS) in 2014 and the number of admissible applicants applying for the basic payment scheme (BPS), SAPS or Small Farmers Scheme (SFS) in 2015. They do not cover a number of farmers who applied only for certain coupled payments (like cotton payments; voluntary coupled support in 2015), which is marginal.

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

Evolution of the number of applicants CY 2015 vs CY 2014



Source: MS reports to CATS

- Data show a significant decrease in the number of applicants (-27%) in **BE-Flanders**; however, such decrease is due to a change in reporting: the 2014 Flanders data include also farmers who submitted the single application for other purposes than the application for the SPS (e.g. manure deposit management). In fact, the number of applicants for direct payments has remained relatively stable in Flanders.
- According to information from **BG**, changes in the national legislation regarding compulsory social and health insurance is the main reason for the significant decrease in the number of applicants.
- On the contrary, the **increase in the number of applicants seems to be related to the policy decisions** the relevant Member States made for the implementation of direct payments from 2015.
- **PT's** choice to allocate payment entitlements to farmers who never held owned or leased-in payment entitlements but provided evidence that they were producing in 2013 had a significant impact on the increase of the number of applicants in 2015 (20% of all applicants in PT in 2015 correspond to this category of farmers). PT also opted to allocate entitlements to various categories of farmers from the national reserve (this group represents more than 3% in the total number of applicants in PT in 2015).
- **UK-Scotland's** policy choices were similar to those of PT: 7% of the UK-Scotland applicants in 2015 received payment entitlements from the national reserve and 5% never held payment entitlements but could provide evidence of production in 2013.

NB: These statistics correspond to the number of farmers applying to the single payment scheme (SPS) or single area payment scheme (SAPS) in 2014 and the number of admissible applicants applying for the basic payment scheme (BPS), SAPS or Small Farmers Scheme (SFS) in 2015. They do not cover a number of farmers who applied only for certain coupled payments (like cotton payments; voluntary coupled support...), which is marginal.

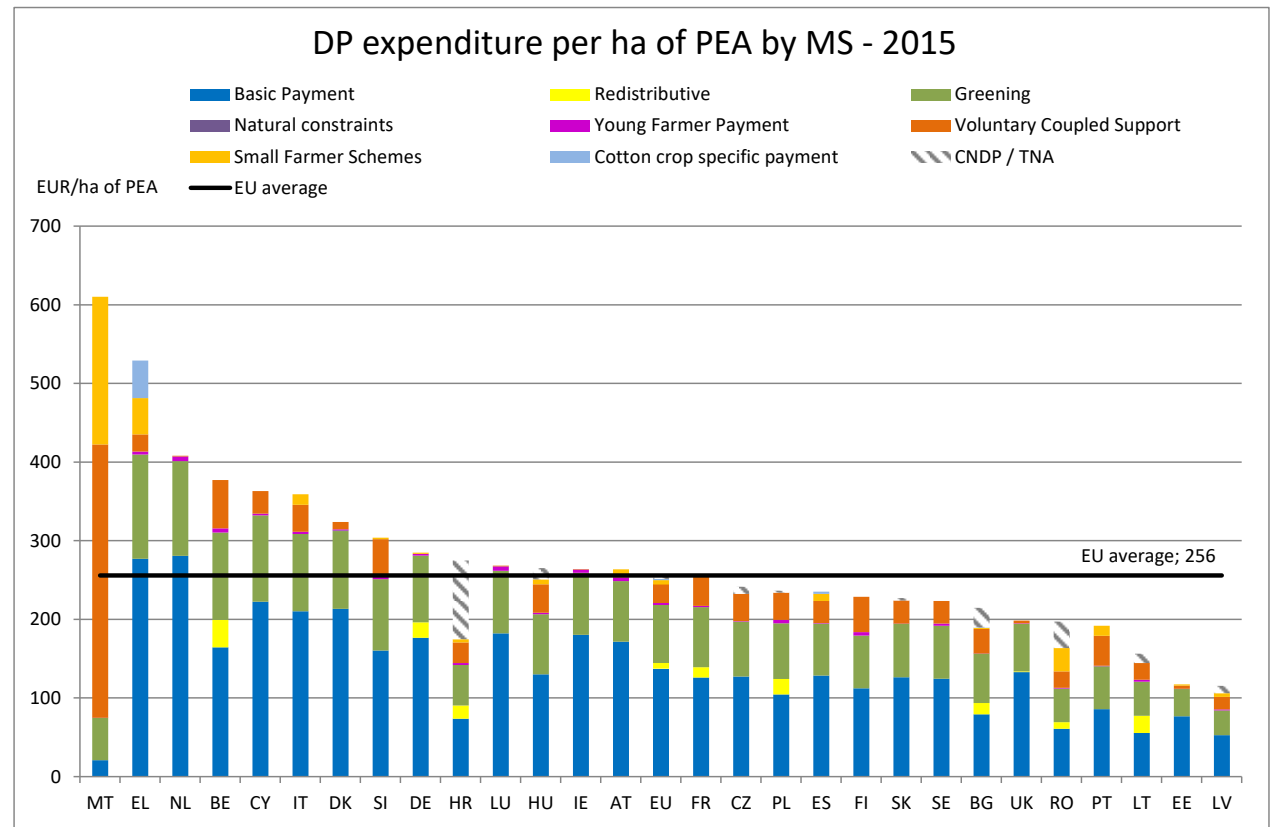
Detailed data on the number of applicants CY 2015 vs CY 2014

Member State	Number of applicants 2014, SPS/SAPS	Number of admissible applicants 2015, BPS/SAPS and SFS	Evolution: number of applicants
BE-FI	30 940	22 470	-27%
BE-Wal	12 890	13 090	2%
DK	42 560	40 645	-4%
DE	315 860	321 388	2%
IE	131 890	126 754	-4%
EL	669 580	684 361	2%
ES	852 750	783 266	-8%
FR	336 760	352 567	5%
HR	96 780	97 218	0%
IT	1 112 820	1 001 303	-10%
LU	1 870	1 824	-2%
MT	6 010	5 229	-13%
NL	47 120	45 790	-3%
AT	112 460	109 215	-3%
PT	131 300	154 396	18%
SI	56 430	56 642	0%
FI	55 720	52 659	-5%
SE	61 800	60 246	-3%
UK-NI	29 840	23 788	-20%
UK-Sc	18 250	18 958	4%
UK-W	16 160	15 427	-5%
UK-En	103 020	87 109	-15%
BG	94 060	61 145	-35%
CZ	29 750	28 846	-3%
EE	17 150	17 003	-1%
CY	33 130	32 677	-1%
LV	60 220	61 100	1%
LT	139 990	136 211	-3%
HU	176 890	173 558	-2%
PL	1 349 170	1 345 261	0%
RO	1 019 250	872 465	-14%
SK	17 730	18 194	3%

Source: MS reports to CATS

I.4. The direct payments expenditure per hectare by Member State in 2015

- In 2015, the average direct payments granted per hectare of area declared by farmers amount to 256 EUR/ha in the EU, including the crops specific payment for cotton and the possible national "top-ups" (Complementary National Direct Payments for Croatia and Transitional National Aids for SAPS Member States (except for EE and CY)).
- This average DP/ha goes from 115 EUR/ha in LV to 610 EUR/ha in MT.
- It should be underlined that those amounts are after possible transfers of a share of the DP envelope to or from Rural Development if decided by the Member State with the flexibility between pillars¹ (for example LV transferred significant amounts to their Rural Development envelope).
- The part of each direct payments scheme reflects the financial allocation (fixed at EU level or, in most cases, decided by Member State)² and actual payments.
- The basic payment (Basic Payment Scheme or Single Area Payment Scheme) represents on average 54% of the direct payments.



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

CNDP: Complementary National Direct Payments.

TNA: Transitional National Aids.

The Small Farmer Scheme (SFS) is financed by a share of the envelope of each other scheme.

Those amounts do not take into account the amounts transferred to Rural Development further to the flexibility between pillars (but they do include the amounts transferred from Rural development to Direct Payments).

The data do not cover the POSEI programmes for outermost regions (POSEI), the measures in favour of the smaller Aegean islands nor the reimbursement of financial discipline (some EUR 400 million at EU level).

Source: AGREX EU for DP expenditure, MS notifications in ISAMM for CNDP/TNA and MS reports to CATS for PEA.

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

¹ For more information on flexibility between pillars and other financial aspects, see the document "Direct Payments: Financial mechanisms in the new system" at https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/direct-payments-financial-mechanisms-jun2016_en.pdf

² For more information on the decisions taken by Member States on direct payments, see the document "Direct payments 2015-2020 Decisions taken by Member States". https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/simplimentation-decisions-ms-2016_en.pdf

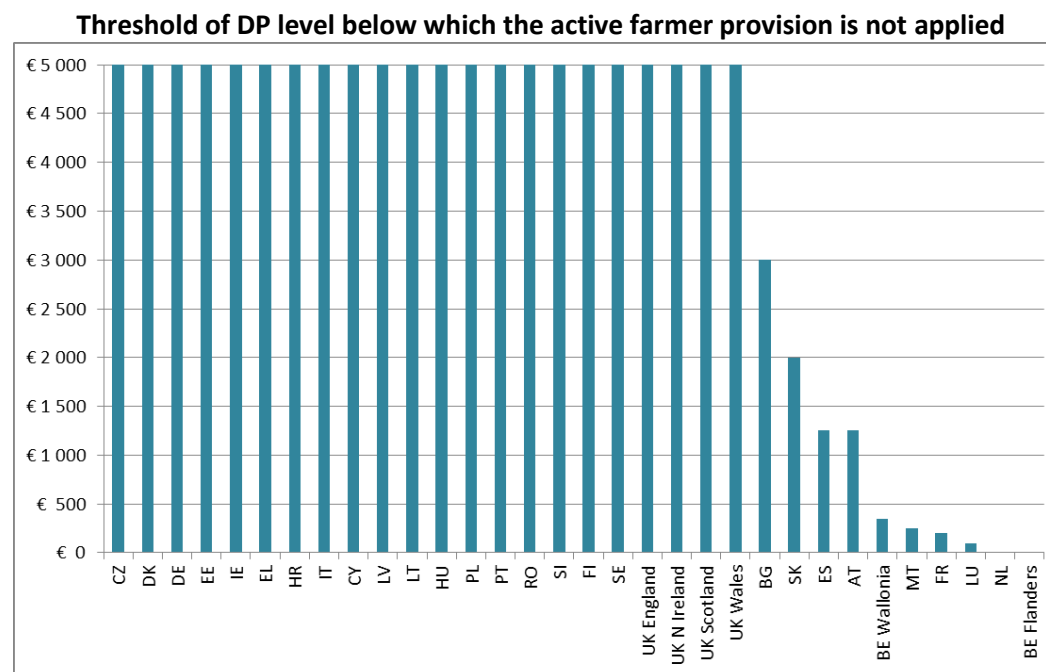
II. THE BASIC ELIGIBILITY CONDITIONS FOR DIRECT PAYMENTS

- **The basic eligibility conditions for benefitting from direct payments are³:**
 - To comply with the so-called "minimum requirements",
 - To be active farmers,
 - 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 called **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 EUR100 and EUR500 and/or where the claimed eligible area is less than an area ranging from 0.3 ha to 5 ha.
Those minimum requirements are meant to avoid an excessive administrative burden resulting from having to manage the payment of numerous small amounts.
- Moreover, the applicant must fulfil the condition of **being a farmer** (natural or legal person, or a group of natural or legal persons, whose holding is situated within the territory of the European Union and who exercises an agricultural activity).
- The performance of an agricultural activity is requested in principle every year and 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 reform, applicants must also fulfil the conditions of the "**active farmer clause**". The provision aims at preventing individuals and companies from receiving support from the CAP when their agricultural business is only marginal.
- **Other eligibility conditions** are added for specific schemes (e.g. greening, young farmers...).

³ For more information on eligibility: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/direct-payments-eligibility-conditions_en.pdf

Implementation of the Active farmer clause

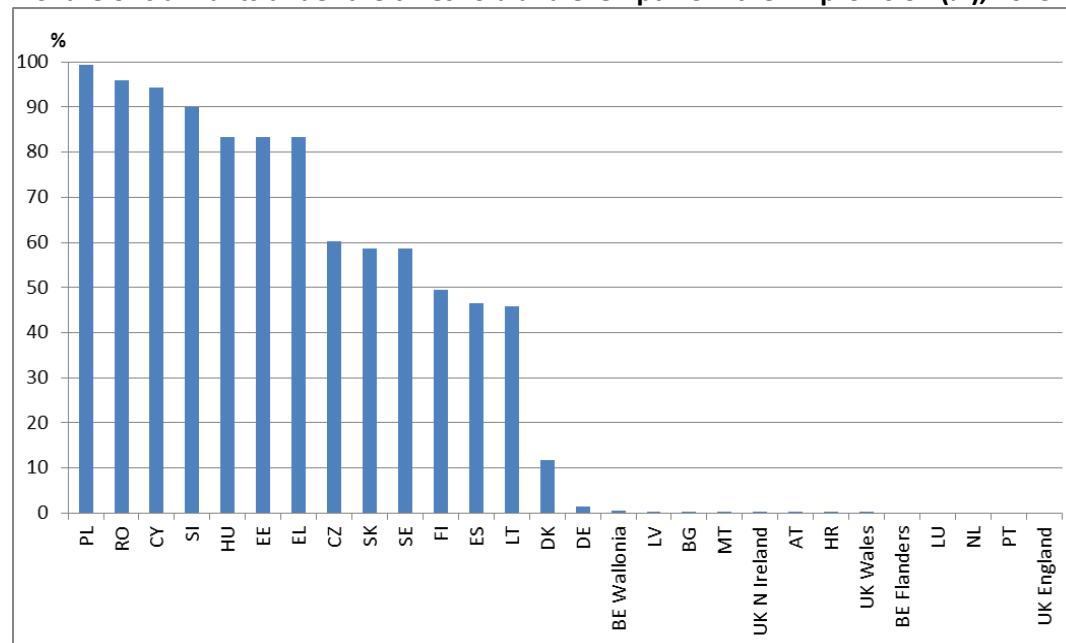
- Farmers who received less than a certain amount of direct payments in the previous year are **de facto considered to be active farmers**. This amount is set by Member States but may not be higher than EUR 5 000.
- The majority of Member States set the threshold at this maximum which in a number of cases resulted in excluding a significant share of the applicants from the scope of the active farmer provision (see graph next page). For example, by setting the threshold at its maximum almost all applicants are considered active farmer in PL, RO and CY (without further scrutiny of the active farmers provision), while in SI, HU, EE, EL and in CZ, 60% or more of the claimants are de facto considered active farmers.
- The key element of the active farmer's provision is a **negative list of businesses** (airports, waterworks, real estate services...). 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 defined 3 possibilities to rebut the negative presumption.
- The activities/businesses with the largest population of entities falling in the negative list are permanent sport and recreational grounds (around 60% of all entities on the negative list as a total in the EU countries for which 2015 data is available), followed by real estate services (approximately 35%)
- Member States **may decide to apply a stricter definition of active farmer**, namely by applying the provision on all claimants so that claimants with a marginal agricultural activity are excluded even if they do not perform an activity of the negative list.



Source: MS notifications in ISAMM

- In summary, **in 2015**, the active farmer provision resulted in more than 22 000 entities being placed on the negative list, of which more than 16 000 rebutted the negative presumption and were eligible for direct payments. At the end, **approximately 10 000 claimants were excluded from DP in 2015 on the basis of the active farmer's provision as a whole** (not only the negative list referred to in the previous sentence). For the large majority of Member States this represents well below 1% of the claimants.
- It is worth reminding that because of the existence of the negative list, it is quite probable that some entities have decided to not apply at all and this is a data that is not available to the Commission. This is why the share of applicants excluded due to the clause, per se, is not necessarily a good indicator of the success of the clause. If potential applicants were well informed about the eligibility conditions, they must have been in a position to assess their own situation and decide to apply – or not.

Share of claimants under the threshold and exempt from the AF provision (%), 2015

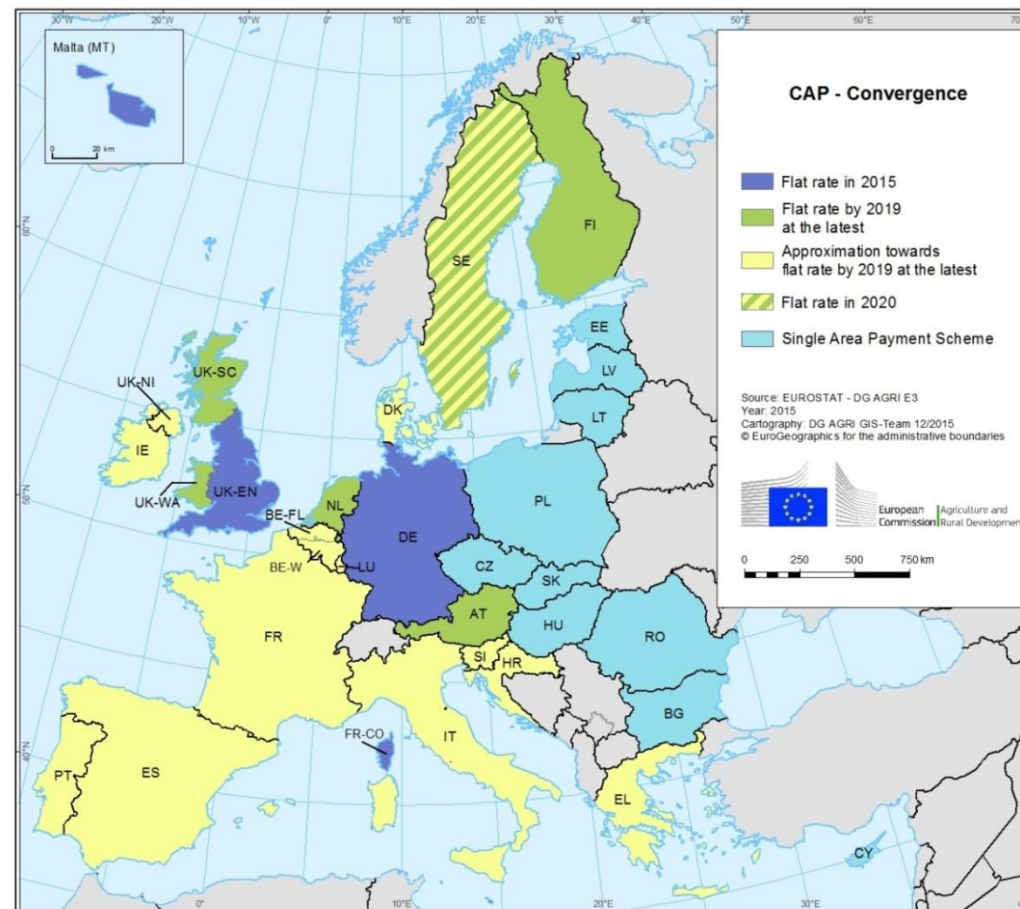


Source: MS notifications in ISAMM. No data for FR, IT, IE, UK-Scotland

III. THE BASIC PAYMENT

III.1. The models of basic payment after the 2013 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.
- 18 Member States (BE, DE, DK, IE, EL, ES, FR, HR, IT, LU, MT, NL, AT, PT, SI, FI, SE and the UK) apply the **Basic Payment Scheme (BPS)** whilst 10 Member States (BG, CZ, EE, CY, LV, LT, HU, PL, RO and SK) keep applying the **Single Area Payment Scheme (SAPS, see below III.6)**.
- Under the BPS⁴, farmers are allocated payment entitlements on the basis of historical references (for the access and, in a number of Member States, also for the unit value of their entitlements). In order to get a payment, farmers need to activate those entitlements by declaring an equivalent number of eligible hectares on an annual basis.
- DE, MT, FR-Corsica and UK-England apply the model of "**flat rate from 2015**⁵":
 - For DE and UK-England, it is applied at regional level (i.e. different flat-rate payments in different regions);
 - In addition DE will move to a national flat rate in 2019.
- NL, AT, FI, UK-Scotland and UK-Wales have chosen the "**flat rate in 2019**" model.
- For FI and UK-Scotland, it is applied at regional level.
- BE-Flanders, BE-Wallonia, DK, IE, EL, ES, continental FR, HR, IT, LU, PT, SI, SE and UK-Northern Ireland apply a **partial convergence by 2019**.
 - EL and ES will apply it at regional level.
 - SE will close 5/6 of the gap to 100% of 2019 average by 2019 and will move to a flat rate from 2020.



Source: MS notifications in ISAMM.

⁴ For more information on BPS, see the document "Direct Payments - BASIC PAYMENT SCHEME" at https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/basic-payment-scheme_en.pdf

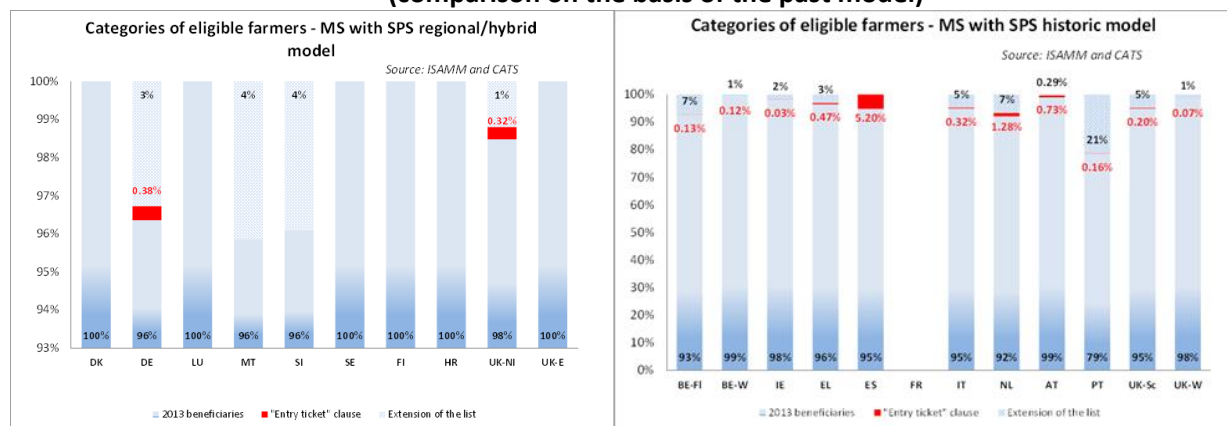
⁵ For more information on internal convergence, see the document "Direct Payments: the Basic Payment Scheme from 2015. Convergence of the value of payment entitlements ('Internal Convergence')" at https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/internal-convergence_en.pdf

III.2. Basic payment scheme – categories of farmers served under the first allocation

In 2015, the **first allocation of payment entitlements** took place and hence the BPS was set up. Payment entitlements were allocated only **to active farmers provided that they were farmers in 2013**, i.e.⁶:

- farmers entitled to direct payments in the year 2013 and other farmers having an "entry ticket" obtained via transfer of a holding (or part of it) from a farmer who was entitled to direct payments in 2013
- where a Member State opted for extending the "list of eligible farmers", other categories of farmers who:
 - were not entitled to direct payments in 2013 and produced certain crops or cultivated vineyards in that year,
 - were allocated entitlements from the national reserve in 2014,
 - never held owned or leased-in entitlements but provide evidence that they were producing in 2013⁷.
- More than **4 million farmers** received BPS payment entitlements for claim year 2015 in the 18 Member States implementing BPS.
- Out of the total number of farmers receiving entitlements in BPS Member States (other than FR⁸):
 - 96.8 % obtained payment entitlements via the first allocation (others from the national reserve, see below section on the reserve)
 - 95 % were entitled to direct payments in 2013
- Generally, in Member States applying SPS regional/hybrid model until 2014 the direct payments system had been more inclusive already before 2015. Therefore the first allocation of BPS entitlements mainly concerned farmers who already in the past benefited from direct payments, with some exceptions⁹.

Percentage of the total number of eligible farmers for each category of eligible farmers in BPS MS (comparison on the basis of the past model)



Source: MS notifications in ISAMM and MS reports in CATS. Due to a missing ISAMM notification, FR is not included.

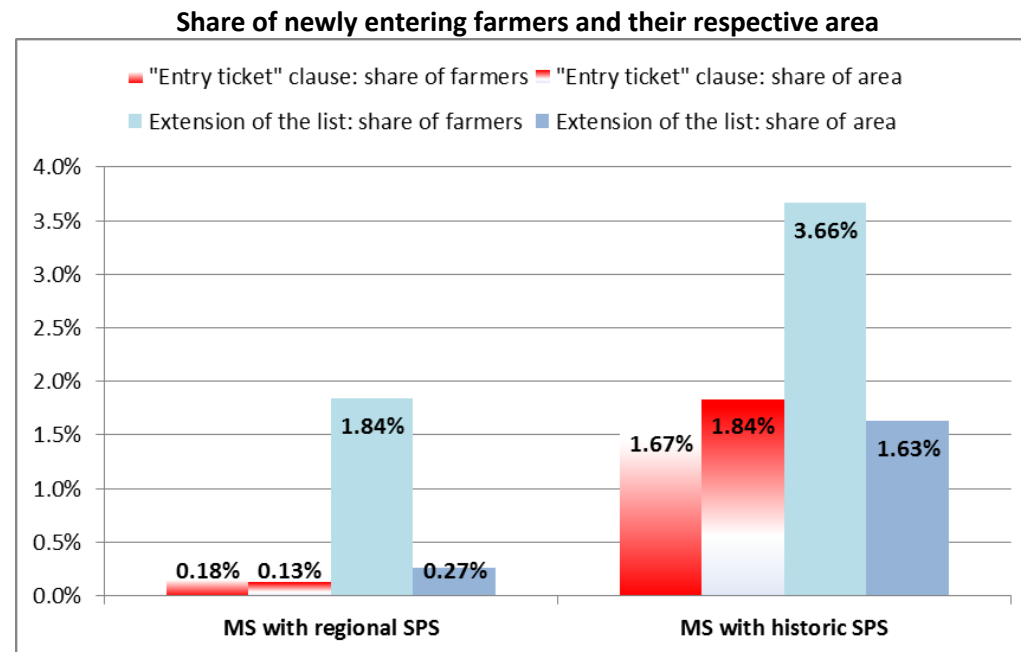
⁶ By way of derogation from this general rule, DK, FI, SE, and UK-England opted for keeping existing entitlements, meaning that, in principle, only those active farmers holding payment entitlements allocated under the former Single Payment Scheme (SPS) and declaring eligible hectares in 2015 could obtain payment entitlements in the framework of the first allocation under BPS.

⁷ See Article 24(1) of Regulation (EU) No 1307/2013. For more information on BPS, see the document "Direct Payments - BASIC PAYMENT SCHEME" at https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/basic-payment-scheme_en.pdf

⁸ FR and IT provided their notifications on BPS implementation in 2015 with a more than a year delay from the notification deadline (15 September 2016). However, FR notification on the set-up of the BPS is missing.

⁹ DE and SI included farmers who were cultivating vineyards in 2013 and also those providing evidence that they were producing in 2013; SI also included farmers who received entitlements from the reserve in 2014 and MT allocated entitlements to those with an evidence of production in 2013.

- On contrary, in **Member States applying SPS historic model** until 2014, relatively more farmers were excluded from the direct payments system. With the introduction of the BPS, Member States could thus opt to include more farmers in the system. For example, PT included farmers who provided evidence of having produced in 2013. NL and UK-Scotland served this category as well and also farmers who were producing fruits, vegetables, potatoes or ornamental plants in 2013. BE-Flanders included farmers who were producing fruits and vegetables in 2013.
- However, the relative importance of the area of these newly entering farmers is lower than that of the number of these farmers, especially for those farmers who accessed the BPS with the "entry ticket" clause.



Source: MS notifications in ISAMM and MS reports in CATS. FR is not included.

III.3. Basic payment scheme - area coverage under the first allocation

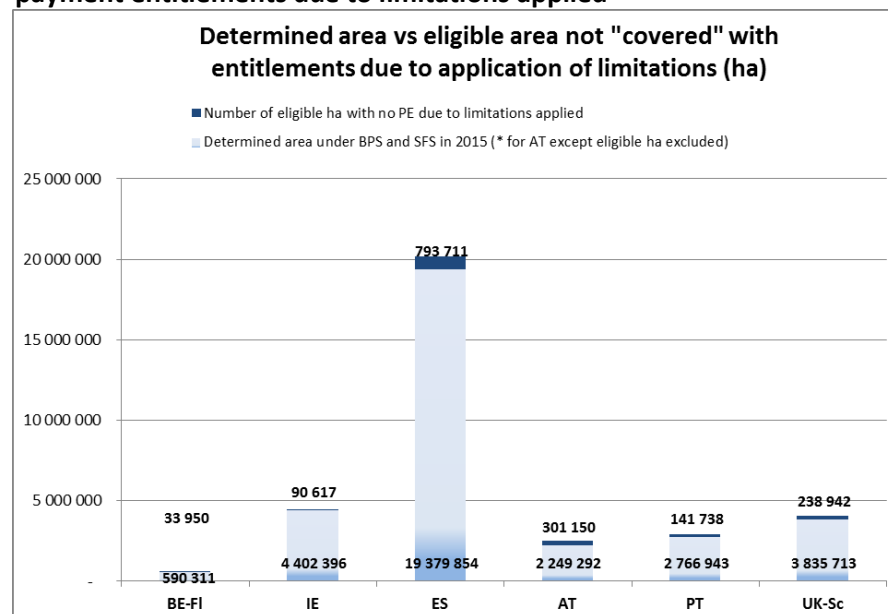
Generally, the **number of the BPS payment entitlements allocated** equals the number of eligible hectares declared. However, Member States could limit the number of payment entitlements to be allocated:

- BE-Flanders, IE, ES and PT limited the allocation to the lowest number between the eligible hectares declared by the farmer in 2013 and those he/she declared in 2015 (area declarations of the two years compared irrespective of the number of entitlements held by the farmer)¹⁰.
- AT and UK-Scotland applied a reduction coefficient to eligible hectares consisting of permanent grassland located in areas with difficult climate conditions¹¹.
- FR did not allocate entitlements for eligible hectares which were vineyards in 2013; NL and EL did not allocate entitlements for arable land under permanent greenhouses¹².

- In general, **more area is covered with the BPS entitlements in 2015** than what was covered with the SPS entitlements in 2014 (+ 6.7%). (See sections I.1 and I.2 of this note for more details regarding the area coverage). Nevertheless, some eligible hectares of eligible farmers remain "naked" (not covered with entitlements) due to the limitations applied by some Member States.

- **Due to the application of the limitations** provided for in Articles 24(4) and 24(6) of Regulation (EU) No 1307/2013¹³, on average, nearly 5% of the eligible area declared by farmers in 2015 remained without entitlements after the first allocation in the Member States concerned.
- As a result of the limitation applied in **AT** and **UK-Scotland** nearly 12% of eligible hectares in AT and nearly 6% of eligible hectares in the UK-Scotland remained without BPS entitlements; in BE-Flanders, IE, ES and PT, the share of eligible hectares remaining without BPS entitlements is lower (e.g. in IE 2%).

Total determined area compared to eligible area not covered with payment entitlements due to limitations applied



Source: MS notifications in ISAMM and MS reports in CATS.

¹⁰ See Article 24(4) of Regulation (EU) No 1307/2013

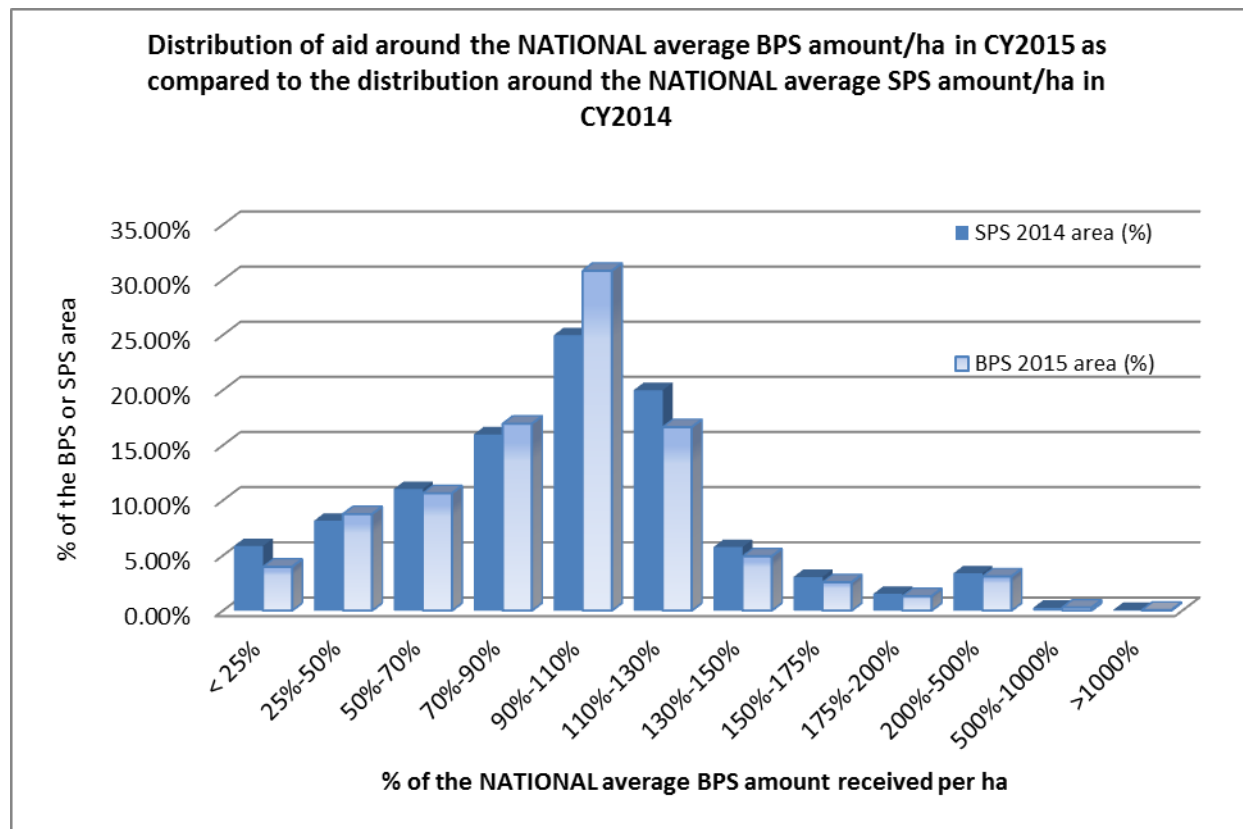
¹¹ See Article 24(6) of Regulation (EU) No 1307/2013.

¹² See Article 24(7) of Regulation (EU) no 1307/2013.

¹³ No data collected from FR on the number of eligible hectares which were vineyards in 2013 or from NL and EL on arable land under permanent greenhouses for which no payment entitlements were allocated.

III.4 Basic payment scheme - the internal convergence

- In the 18 Member States applying the Basic Payment Scheme (BPS), the 2013 reform has introduced a move away from historical references with a mechanism of **convergence of direct payments per hectare ("internal convergence")** within Member States (see the options taken by Member States in section III.1 above).
- The graph shows that the area benefiting from a BPS amount/ha close to the national average is significantly higher than it was in the year preceding the reform (and the convergence path will continue its way until 2019).



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

SPS: Single Payment Scheme (equivalent system as BPS before the 2013 reform)

BPS: Basic Payment Scheme

NB: the graph is based on CATS data for financial year 2016 covering mainly claim year 2015 and it sets out the share of area for which the amount determined (before penalties) per ha represents x % from the estimated national average under SPS in 2014 or under BPS in 2015. Due to limitations in the available statistics, these data do not include the population of farmers participating in the Small Farmers Scheme (while these farmers were also allocated payment entitlements for their eligible hectares)

Source: DG AGRI based on MS reports in CATS

III.5. Basic payment scheme - allocations from the national/regional reserve

- As a matter of priority, Member States are obliged to allocate payment entitlements from the national/regional reserve to young farmers¹⁴ and to farmers commencing their agricultural activity.
- 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 State in the respective year. Member States may opt both for allocating new entitlements and increasing the value of the existing entitlements up to the national/regional average to certain categories of farmers.

- **3.2% of the farmers "entering" the BPS did so solely via the reserve.** From all farmers "entering" via the reserve nearly 30% are young farmers. The area of these farmers represents about 1% of the total area determined.
- Similarly as for the first allocation, allocations from the reserve show that Member States with the regional/hybrid SPS model until 2014 had more inclusive systems, while it was not the case in Member States applying historic SPS model until 2014. However, **the greatest differences persist at the level of Member States, e.g.:**

- Nearly 38% of all farmers being allocated the BPS entitlements in **HR** "entered" the system solely via the reserve (only 3% of such farmers were young farmers), covering however only around 4% of the total area determined eligible in HR
- In **UK-Scotland**, 7% of the farmers "entering" the BPS "did so via the reserve. Their respective area represents 4% of the total eligible area. The situation in **EL** is similar to that of UK-Scotland.
- In **PT**, nearly 45% of the farmers "entering" the system solely via the reserve were young farmers, in UK-Scotland, young farmers account for nearly 26% of those "entering" via the reserve.
- The highest share of young farmers among the farmers "entering" via the reserve is found in the **UK-Northern Ireland (94%), ES (91%), BE-Flanders (88%), IE (85%), NL (82%) and BE-Wallonia (81%)**. However, with the exception of IE and NL, in all these countries the reserve had an insignificant role as an "entry platform".

Number of farmers and number of eligible hectares "entering" in the BPS via the first allocation and via the reserve

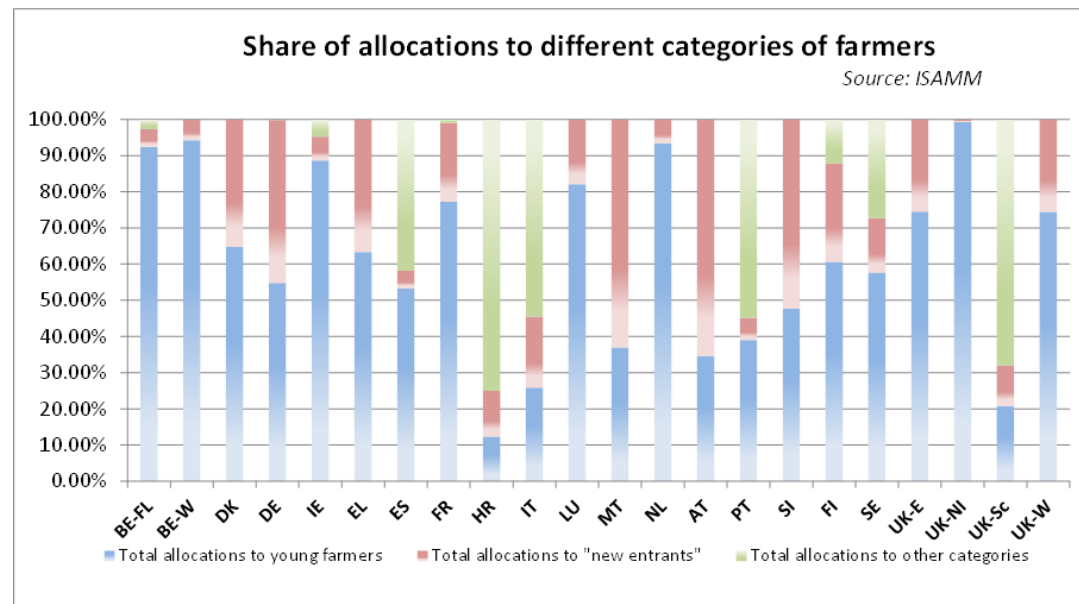
Source: CATS and ISAMM

	MS/region	"Entry" in the BPS via the first allocation (or keeping the existing entitlements)		"Entry" in the BPS via the reserve		Total in the BPS (where relevant, incl. SFS)		Share of "entry" via the reserve compared to the total	
		Number of farmers	Number of hectares determined	Number of farmers	Number of hectares determined	Number of farmers	Number of hectares determined	Number of farmers	Number of hectares determined
MS with regional/hybrid SPS model	DK	40,635	2,590,398	10	243	40,645	2,590,641	0.02%	0.01%
	DE	311,893	16,685,745	9,495	186,095	321,388	16,871,840	2.95%	1.10%
	LU	1,808	122,118	16	165	1,824	122,283	0.88%	0.13%
	MT	5,049	8,031	180	159	5,229	8,190	3.44%	1.94%
	SI	55,461	444,806	1,181	4,647	56,642	449,453	2.09%	1.03%
	SE	59,881	2,918,320	365	13,367	60,246	2,931,686	0.61%	0.46%
	FI	52,593	2,253,448	66	6,333	52,659	2,259,782	0.13%	0.28%
	HR	60,694	971,643	36,524	42,566	97,218	1,014,209	37.57%	4.20%
	UK-NI	23,564	924,918	224	6,847	23,788	931,766	0.94%	0.73%
	UK-En	86,791	8,364,722	318	8,966	87,109	8,373,688	0.37%	0.11%
Sub-total	698,369	35,284,148	48,379	269,388	746,748	35,553,537	6.48%	0.76%	
MS with historic SPS model	BE-F	22,276	579,915	194	10,396	22,470	590,311	0.86%	1.76%
	BE-W	13,023	740,651	67	1,161	13,090	741,812	0.51%	0.16%
	IE	122,572	4,315,131	4,182	87,265	126,754	4,402,396	3.30%	1.98%
	EL	638,089	3,670,576	46,272	139,086	684,361	3,809,662	6.76%	3.65%
	ES	781,251	19,205,932	2,015	173,922	783,266	19,379,854	0.26%	0.90%
	FR	347,456	25,851,245	5,111	213,136	352,567	26,064,381	1.45%	0.82%
	IT	988,626	9,955,951	12,677	112,609	1,001,303	10,068,560	1.27%	1.12%
	NL	44,287	1,667,872	1,503	66,587	45,790	1,734,459	3.28%	3.84%
	AT	108,073	2,540,617	1,142	9,824	109,215	2,550,442	1.05%	0.39%
	PT	149,080	2,744,741	5,316	22,201	154,396	2,766,943	3.44%	0.80%
	UK-Sc	17,630	3,673,886	1,328	161,826	18,958	3,835,713	7.00%	4.22%
	UK-W	15,090	1,344,481	337	10,390	15,427	1,354,871	2.18%	0.77%
	Sub-total	3,247,453	76,290,998	80,144	1,008,404	3,327,597	77,299,402	2.41%	1.30%
Total BPS MS	3,945,822	111,575,146	128,523	1,277,792	4,074,345	112,852,938	3.15%	1.13%	

- Total number of farmers (CATS data) corresponds to a sum of F200 under BPS and SFS (where relevant) for admissible claims (C620 'N').
- Total number of hectares determined (CATS data) corresponds to C558 under BPS and SFS (where relevant) for admissible claims (C620 'N').
- Data on reserve obtained via ISAMM.
- Data on "entry" in the BPS via the first allocation obtained by deducting ISAMM data (i.e. reserve data) from CATS data.

¹⁴ "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**¹⁵ in terms of amounts allocated consists of:
 - 57% for young farmers,
 - Nearly 21% for farmers commencing their agricultural activity.
- In **HR**, 50 % of allocations were for farmers cultivating state owned land (Article 30(7)(a)), nearly 25 % for farmers with a specific disadvantage (Article 30(7)(b) and only around 12 % for young farmers.
- In **ES**, allocations from the reserve were mainly to young farmers (53%), and a significant share (nearly 42 %) was allocated to cases related to a definitive court ruling or administrative act.
- In **PT**, the majority of allocations (53 %) was for farmers under categories defined pursuant to Article 30(7)(a) (farmers in an area at risk of land abandonment) and 39 % of allocations was for young farmers.
- In **UK-Scotland**, 68 % of allocations went to farmers under categories defined pursuant to Article 30(7)(b) (farmers with a specific disadvantage) and nearly 21 % of allocations went to young farmers.
- In **IT**, 26% of allocations were for young farmers and 49% to farmer under categories defined pursuant to Article 30(7)(a).



Source: MS notification 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)

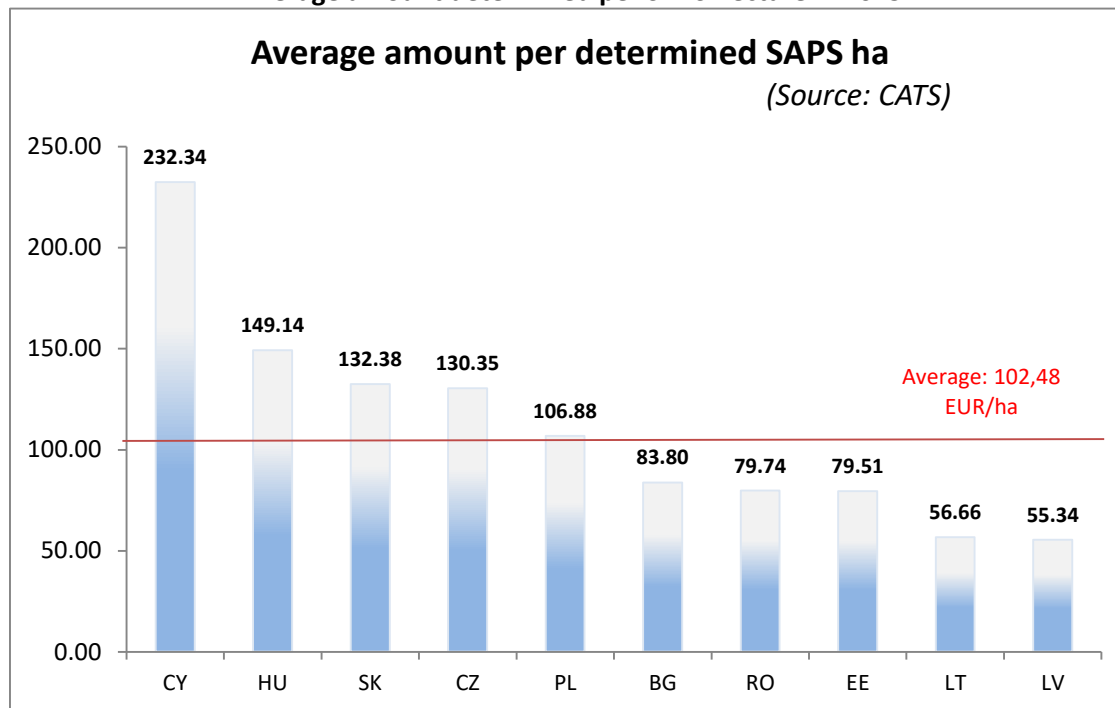
¹⁵ This includes allocations of the new entitlements and increase of the value of the existing entitlements.

III.6. Single area payment scheme (SAPS)

- SAPS is a **transitional scheme (available until 31 December 2020)** and is implemented by the 10 Member States applying SAPS in 2014: BG, CZ, EE, CY, KV, LT, HU, PL, RO and SK.
- SAPS is a **flat rate payment** calculated annually taking into account the annual financial envelope and the total number of eligible hectares declared in the Member State. Similarly to BPS, 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 the level of SAPS support).

- Regarding area and farmers supported under SAPS (incl. SFS) see sections I.2 and I.3 above.
- On average the determined SAPS amount¹⁶ was **EUR 102.48/ha in 2015**.
- Some **differences between the Member States** can be observed (e.g. CY, HU, SK and CZ have amounts per hectare above the average of SAPS Member States, while LT and LV have amounts significantly below that average). Such differences can be explained by the differences in the proportion between the financial envelopes and the agricultural area and also by the policy choices taken by each Member State.
- For example, **LT** applied the redistributive payment for the first 30 hectares a farmer declares; hence its SAPS envelope is relatively low.
- Also, **LV** applies the Small Farmers Scheme as a lump-sum payment of EUR 500. Slightly more than ¼ of farmers eligible for SAPS in LV participates in this Small Farmers Scheme. As a result, the SAPS amount remaining for farmers not participating in this scheme is also relatively low.

Average amount determined per SAPS hectare in 2015



Source: Calculation on the basis of MS reports to CATS. The average amount is calculated by dividing the amount determined for the purposes for SAPS payment (before penalties) with the total number of hectares determined eligible for SAPS.

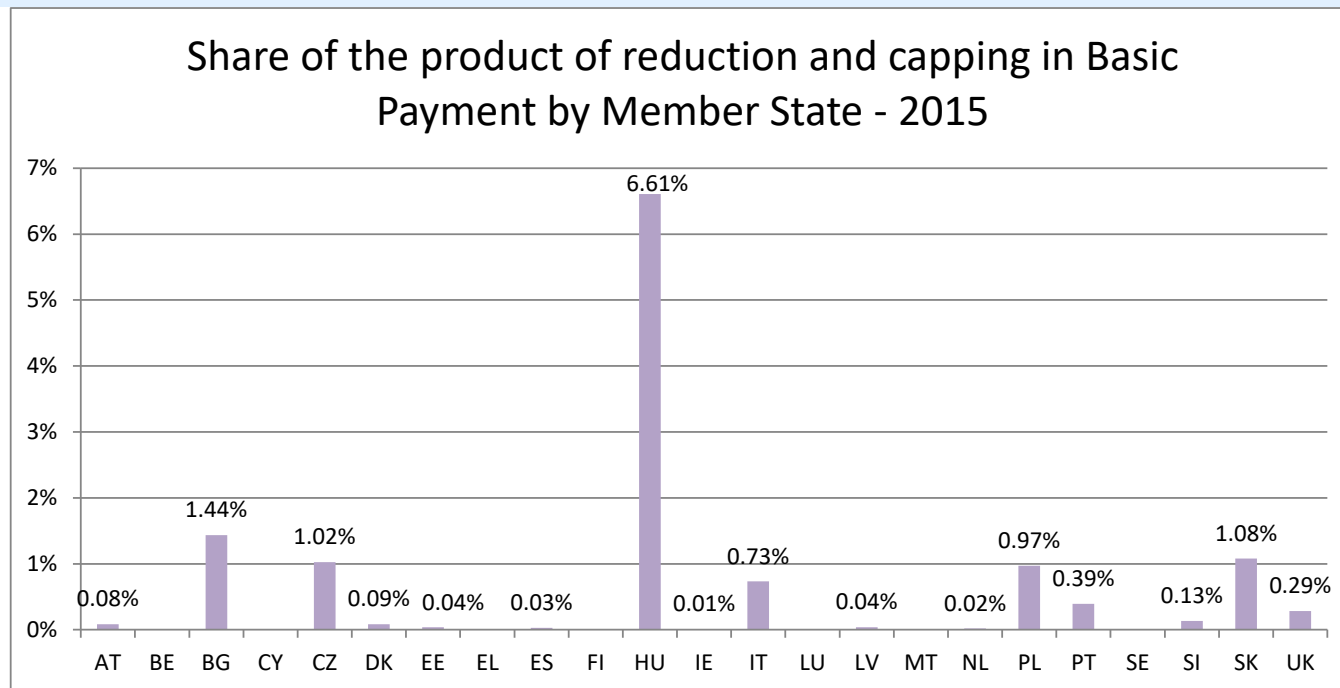
¹⁶

This amount is calculated by dividing the total amount determined for SAPS by the total number of hectares determined for SAPS. It corresponds solely to payments to be made under SAPS; it does not include amounts or hectares determined under the Small Farmers Scheme.

III.7. 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 compulsory¹⁷.
- Member States applying the redistributive payment with more than 5% of their national ceiling allocated to the scheme may decide not to apply the mechanism (BE (Wallonia), DE, FR, HR, LT and RO).

- For 2015, the product of the reduction (including capping) has amounted to EUR 98 million, which represents 0.44% of the basic payment expenditures. Even in Member States implementing the capping, this product has remained generally low with the exception of Hungary, where the product of reduction and capping for amounts as from EUR 176 000 represents nearly 7% of the envelope.



Source: AGREX DG AGRI.

¹⁷ For more information on the reduction of payments and capping, see the document "Direct Payments: Financial mechanisms in the new system" at https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/direct-payments-financial-mechanisms-jun2016_en.pdf

IV. TRANSITIONAL NATIONAL AID

- **Transitional national aid (TNA) is not considered as direct payment; it is a successor to the complementary national direct payments (CNDPs) which were foreseen in the Accession Treaties of the Member States joining the EU in 2004 and later.**
- **TNA can be granted only in SAPS Member States and this support is 100 % financed by the national budget; in 2015 TNA were granted in all SAPS Member States, except EE and CY.**
- **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 CNDPs granted in 2013; in other Member States, it is the TNA granted in 2013).**
- **The objective of the TNA is to avoid a sudden and substantial decrease of support for those sectors; the level of support available under TNA is to be steadily decreased annually.**

- **In total, 8 Member States decided to grant EUR 799.52 million in TNA for 2015** (12% of this amount as coupled support). However, implementation data show an under-execution: according to the available information **EUR 602.06 million were actually paid** (16% of this amount paid in the form of coupled support).
- The execution rate of coupled payments is higher than that of decoupled payments (96% of amounts available as coupled TNA have been paid, while in the case of decoupled payments, the execution rate is 72%).

Decisions regarding granting TNA and implementation data regarding payments (000 EUR and number of beneficiaries)

MS	Type of TNA**	Envelope/ Maximum level of support allowed in 2015 (000 EUR)	Amount paid in 2015 (000 EUR)	Execution level (% paid compared to envelope)	Number of beneficiaries in 2015	
Bulgaria	Bovine animals (decoupled)	24 592	23 992	98%	5 970	
	Sheep and goat (coupled)	20 576	20 504	100%	7 850	
	Tobacco (decoupled)	60 416	47 877	79%	41 286	
Czech Republic *	Decoupled area payment	25 054	24 864	99%	25 418	
	Hops (decoupled)	1 056	1 051	100%	124	
	Potato starch (decoupled)	1 674	1 667	100%	172	
	Ruminants (decoupled)	3 721	3 682	99%	9 058	
	Sheep and goat (coupled)	50	48	96%	2 940	
	Suckler cows (coupled)	971	964	99%	6 757	
	Arable crops (decoupled)	9 158	8 733	95%	19 760	
Latvia	Arable crops and potato starch (decoupled)	5 016	4 742	95%	20 235	
	Ewe (coupled)	130	129	100%	684	
	Potato starch (decoupled)	192	191	99%	54	
	Suckler cows (coupled)	1 982	1 975	100%	2 966	
	Arable crops (decoupled)	22 847	-	0%	-	
Lithuania	Bulls 1 (decoupled)	17 719	10 649	60%	25 240	
	Bulls 2 (decoupled)	7 919	-	0%	-	
	Ewe (coupled)	177	173	98%	1 191	
	Flax for fibre (decoupled)	119	-	0%	-	
	Milk (decoupled)	18 509	18 230	98%	34 116	
	Protein crops (decoupled)	1 609	577	36%	4 694	
	Slaughtered adult animals (decoupled)	25 756	-	0%	-	
	Suckler cows (decoupled)	8 763	4 112	47%	14 799	
	Hungary *	Beef (decoupled)	14 345	10 180	71%	7 226
		Cattle extensification (decoupled)	10 419	8 133	78%	1 921
Ewe (coupled)		80	58	74%	6 326	
Ewe (decoupled)		1 575	1 248	79%	612	
Milk (decoupled)		40 637	40 281	99%	4 690	
Suckler cows (coupled)		10 420	9 121	88%	6 099	
Tobacco (Burley) - decoupled		2 863	930	32%	628	
Poland	Tobacco (group I - Virginia) - decoupled	23 119	23 024	100%	8 155	
	Tobacco (group of varieties II,III,IV) - decoupled	12 976	12 943	100%	5 656	
Romania *	Beef and veal (decoupled)	116 770	104 344	89%	142 147	
	Decoupled area payment	127 952	124 363	97%	700 520	
	Decoupled payment for dairy payment	27 786	25 096	90%	56 936	
	Flax and hemp (decoupled)	2 273	2 212	97%	952	
	Hops (decoupled)	9	8	94%	4	
	Hops (decoupled)	126	124	98%	4	
	Sheep and goat (coupled)	58 597	56 033	96%	55 922	
	Tobacco (decoupled)	1 534	1 082	71%	378	
Slovakia	Decoupled animal payment	31 657	-	0%	-	
	Decoupled area payment	43 918	-	0%	-	
	Hops (decoupled)	65	-	0%	-	
	Sheep and goat (coupled)	3 130	3 081	98%	1 399	
	Suckler cows (coupled)	2 955	2 860	97%	1 312	

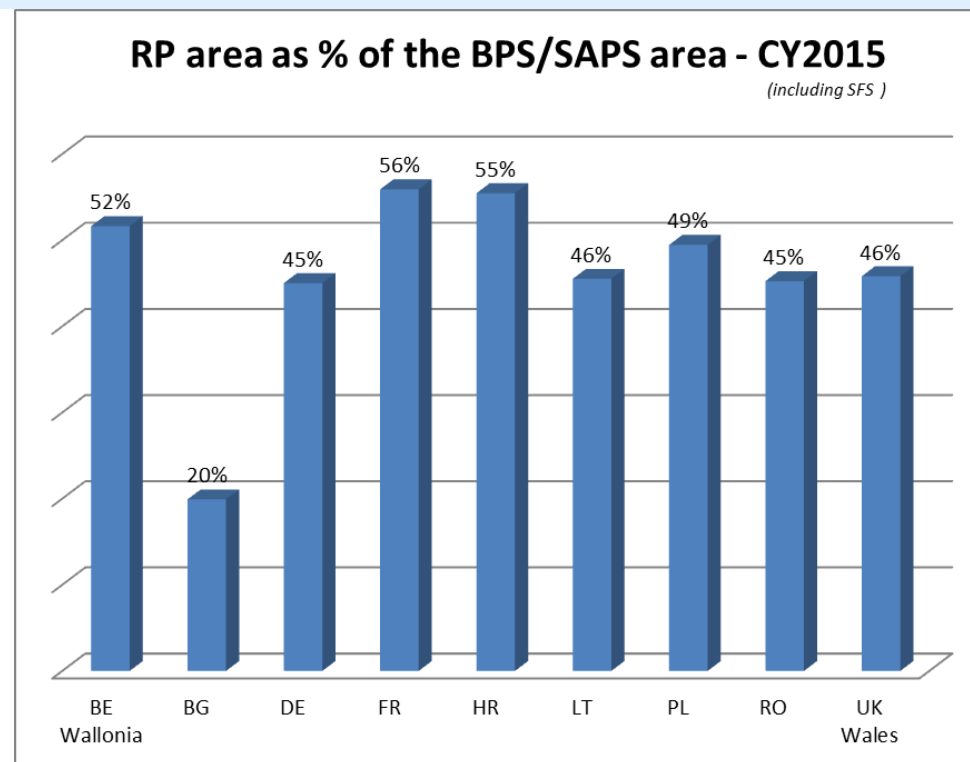
* All CZ data (except TNA for potato starch)) are provisional. Also RO data provisional, except flax and hemp decoupled TNA. HU data are provisional for suckler cow (coupled) and both tobacco TNA
 ** All TNA relate to a sector (mainly as a decoupled payment on the basis of historic reference, unless specified otherwise)

Source: MS notifications in ISAMM.

V. THE REDISTRIBUTIVE PAYMENT

- In 2015, the redistributive payment (RP) was **implemented by 9 Member States**: BE-Wallonia, BG, DE, FR, HR, LT, PL, RO and UK-Wales.
- The financial allocation to the scheme goes from 0.5% (the UK-Wales) to 15% (LT) of the Member States national ceiling for direct payments.
- It **aims at enhancing income support for smaller farmers** by granting an extra payment per hectare for the first hectares below a certain limit¹⁸.

- In these Member States, all farmers eligible for BPS/SAPS may receive the redistributive payment. However, they 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, which creates a redistributive effect.
- Farmers participating in the Small Farmers Scheme (SFS – see point VIII below) have the redistributive payment component included in the calculation of their SFS payment (unless, Member State grants the SFS as a lump-sum payment (PT, LV¹⁹)).
- In the graph, it can be observed that for most Member States the redistributive payment was paid for approximately 50% of the basic payment (incl. SFS) area.



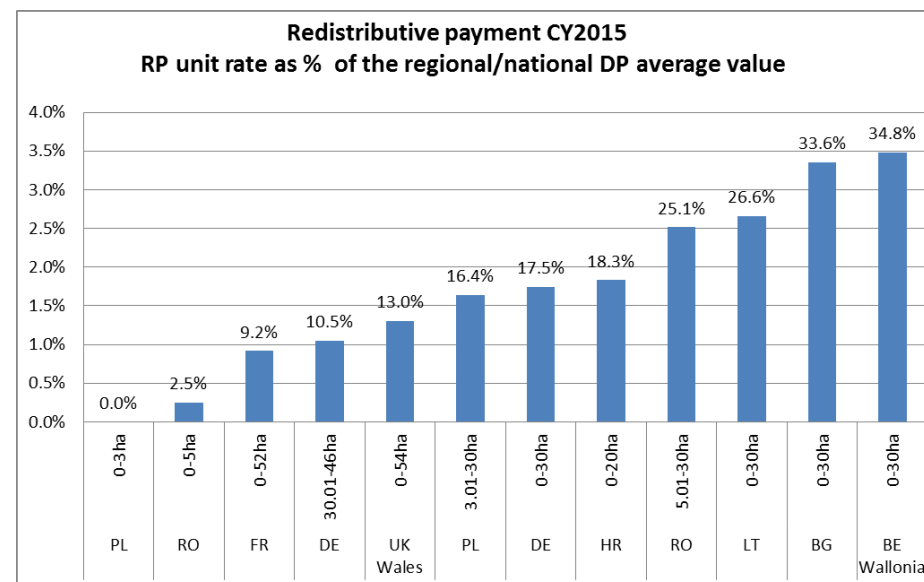
Source: MS reports to CATS and MS notifications in ISAMM.

¹⁸ For more information on the redistributive payment: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/ds-dp-redistributive-payment_en.pdf

¹⁹ Neither PT nor LV applied the redistributive payment in the year 2015.

- As regards the redistributive payment unit rate, Member States could fix an amount up to 65% of the average national/regional direct payment per hectare.
- However, this maximum amount was not used. The % went from 0% for the first tranche in PL to 35% in BE-Wallonia.
- The actual unit rates per hectare were the following in 2015:

Member State	Tranche (ha)	Unit rate (EUR/ha)
BE-Wallonia	0-30	127.00
BG	0-30	77.11
DE	0-30	49.64
	30.01-46	29.78
FR	0-52	25.00
HR ²⁰	0-20	77.97
LT	0-30	48.80
PL	0-3	0
	3.01-30	40.10
RO	0-5	5.00
	5.01-30	51.08
UK-Wales	0-54	25.51



Source: MS notifications in ISAMM.

The national regional DP average corresponds to the total DP envelope for the respective MS for CY 2019 divided by the number of eligible hectares declared in that MS in CY 2015.

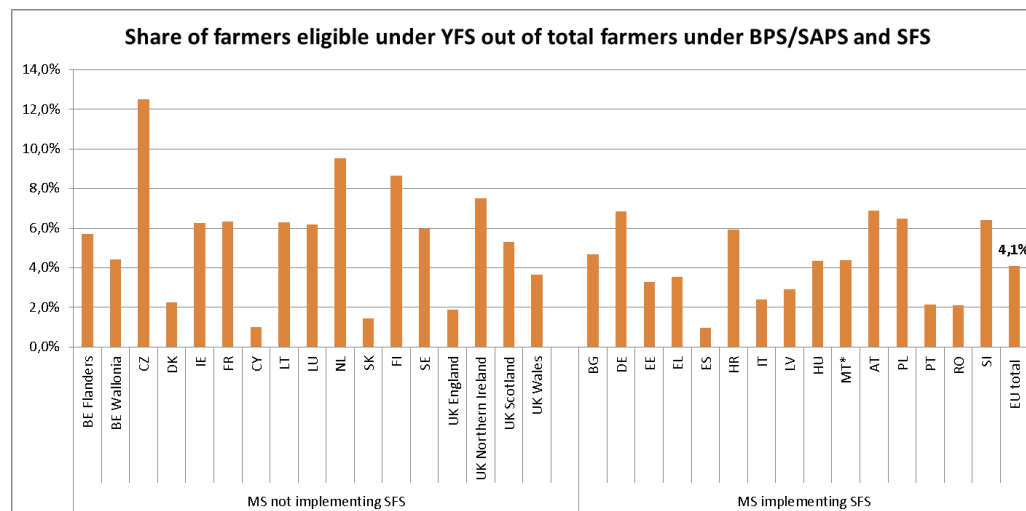
²⁰

For HR the unit rate corresponds to the total amount of the redistributive payment (calculated as 100% EU level). However, in 2015 HR was at 35% of EU level due to phasing-in, which means that the EU contribution (EUR 33.13) can be complemented by the complementary national direct payments to redistributive payment in order to pay 100% EU level. Due to national budget limitations, HR unit rate actually set for the redistributive payment was EUR 62.50.

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 5 years preceding the first application to the scheme.
- The scheme is compulsory for Member States²¹.
- The payment, which is additional to the Basic Payment and green payment for these farmers, is limited to a maximum period of 5 years following the setting-up.

- About 4.1% of basic payment's applicants benefit from the young farmer payment in the EU (see the enclosed graph)²².
- This share was the highest in CZ (12%).
- It was still rather high (above 6%) in IE, FR, HR, LT, LU, NL, FI, UK-NI, DE, AT, PL, SI, SE.
- It is low (around 2% or less) in CY, SK, UK-EN, ES, PT, RO.

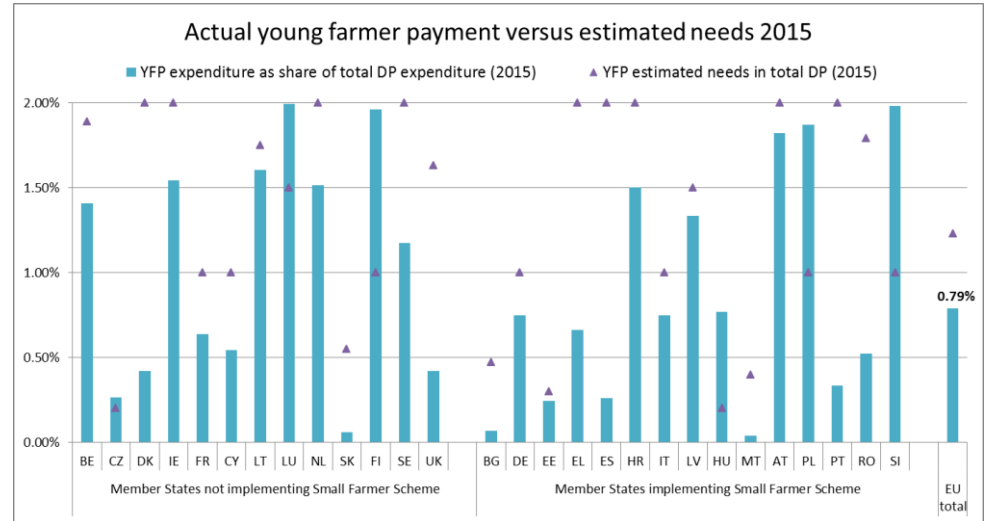


Source: MS reports to CATS.

²¹ For more information on the young farmer payment: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/young-farmer-payment_en.pdf

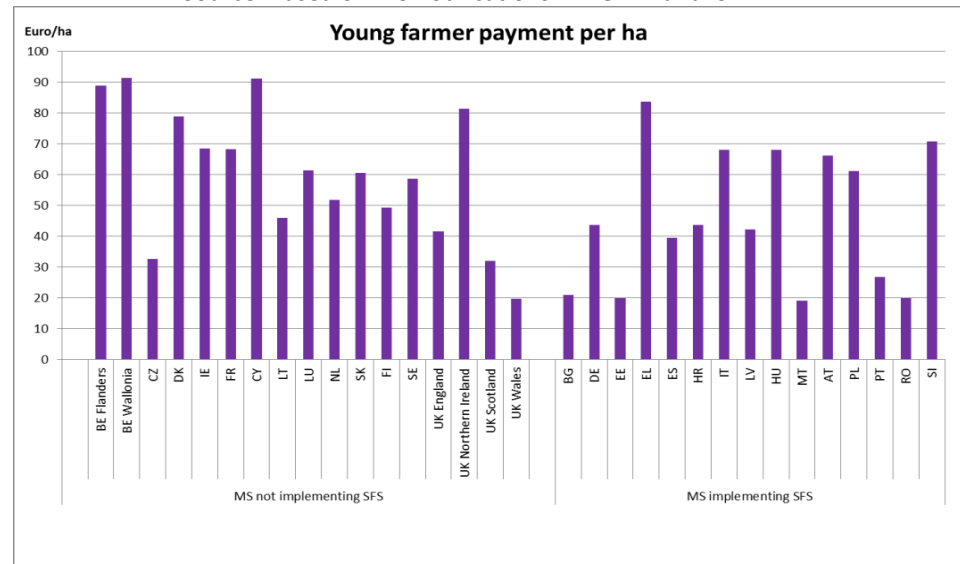
²² While the total number of applicants and their area for the basic payment (BPS and SAPS) include farmers who applied for the Small Farmers Scheme, the total number of young farmers and their area does not include those beneficiaries of the SFS who would have benefitted from the YFP had they not opted for the SFS. This is due to a lack of detailed data. Therefore, all data in this section is presented in two categories. For the category "Member States implementing Small farmers Scheme" the actual data representing the total young farmers population could be slightly different, if it would be possible to include also farmers participating in the SFS, especially in Member States with a significant share of beneficiaries under the SFS (as a certain share of these are likely to be young farmers), notably MT, RO, PL and IT.

- In 2015 this "top-up" payment for young farmers amounted approximately to EUR 317 million (0.79% of DP envelope), well below the initial estimates from the Member States (around 1.3% of DP envelope).
- Only a few Member States spent actually more than anticipated (CZ, LU, FI, HU, PL, SI).



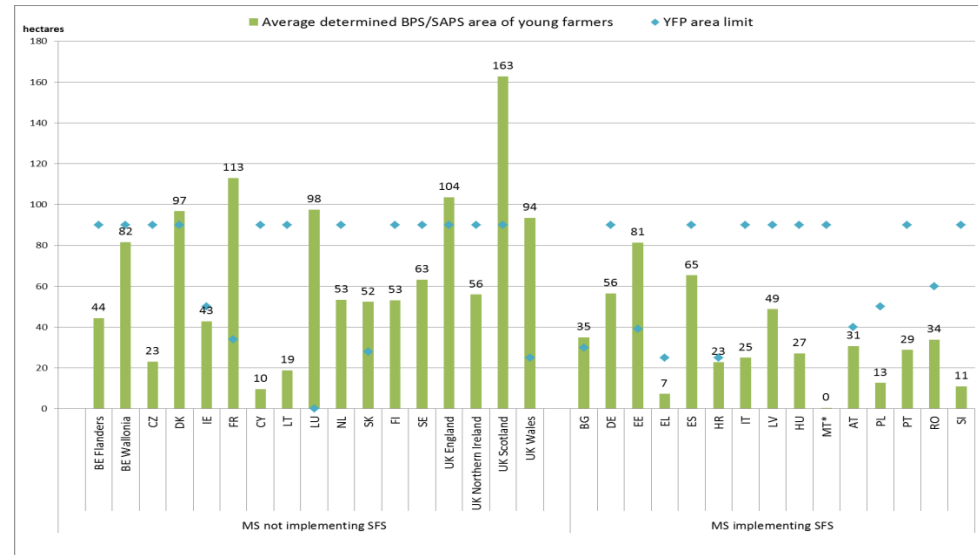
Source: Based on MS notifications in AGREX and ISAMM.

- The average estimate of the young farmer –"top-up" per ha varied between less than 20 EUR/ha and more than 90 EUR/ha.



Source: Estimates based on MS reports to CATS (except for NL and FI, estimates based on AGREX data on expenditures and on CATS data on eligible area determined for young farmers).

- The young farmer payment can be granted up to a certain limit in hectares set by Member States (between 25 ha and 90 ha).
- The enclosed graph shows that the area limit has been set at a high level in the most of Member States, although it is relatively low in comparison with the average farm size of young farmers in FR, SK, UK-W, BG and EE.

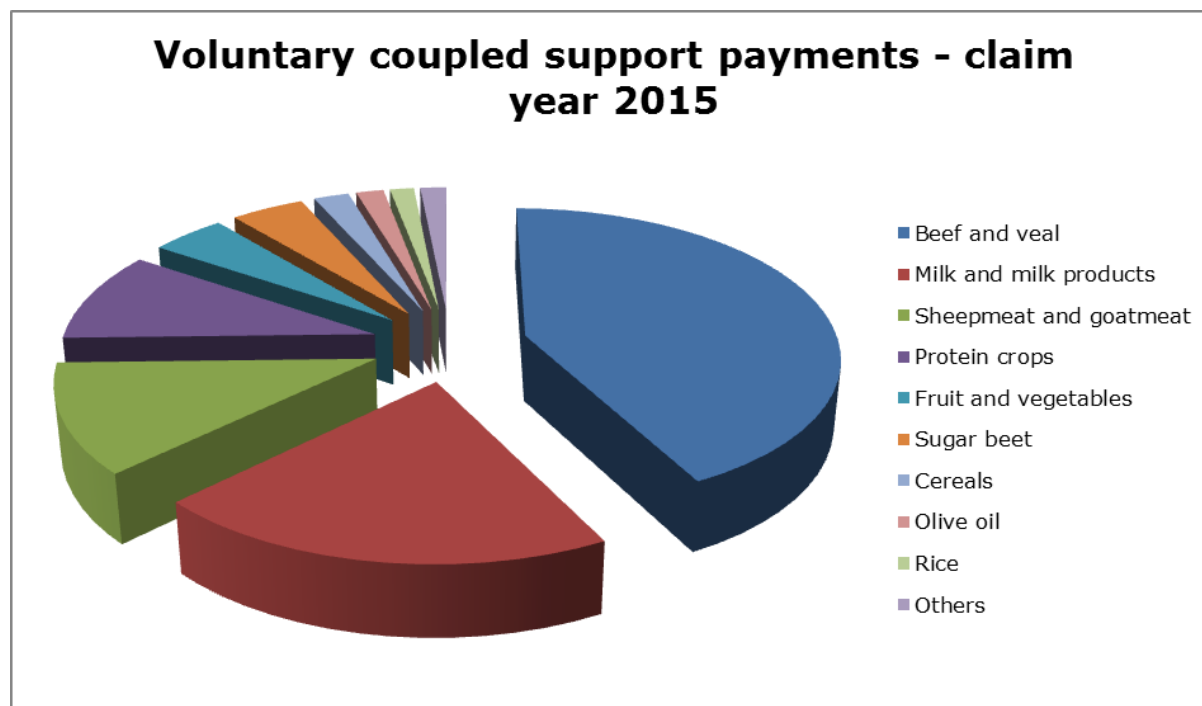


Source: MS reports to CATS and MS notifications in ISAMM.

VII. THE VOLUNTARY COUPLED SUPPORT

- Member States can use up to a certain percentage of their annual national ceiling for direct payments to finance voluntary coupled support (VCS)²³.
- That support can only be granted to a **list of sectors and productions**, to the extent necessary to create an incentive to maintain current levels of production in sectors or regions where specific types of farming or specific agricultural sectors particularly important for economic, social or environmental reasons undergo certain **difficulties**.
- In 2015, 27 Member States applied VCS for about 10% of the total direct payments envelope.
- The main sectors supported are beef and veal, milk and milk products and sheep and goat meat.

- From the EUR 4.127 billion total available for the VCS for claim year 2015, VCS payments amounted to EUR 3.878 billion, which represents an execution rate of 94%.
- On average, 24% of the total EU-27 DP beneficiaries benefit from VCS.
- From the total VCS allocations:
 - 40% was targeted to beef and veal sector (support granted in 24 Member States under 50 measures for approximately 15.9 million animals).
 - 19% to milk and dairy sector (support granted in 19 Member States under 30 measures for approximately 8.4 million animals).
 - 11% to sheep and goat meat sector (support granted in 22 Member States under 40 measures for approximately 31 million animals).
 - 9% to protein crops (support granted in 16 Member States under 20 measures for approximately 3.8 million hectares).
 - less than 5% of the total VCS envelope was allocated to each of the other sectors.



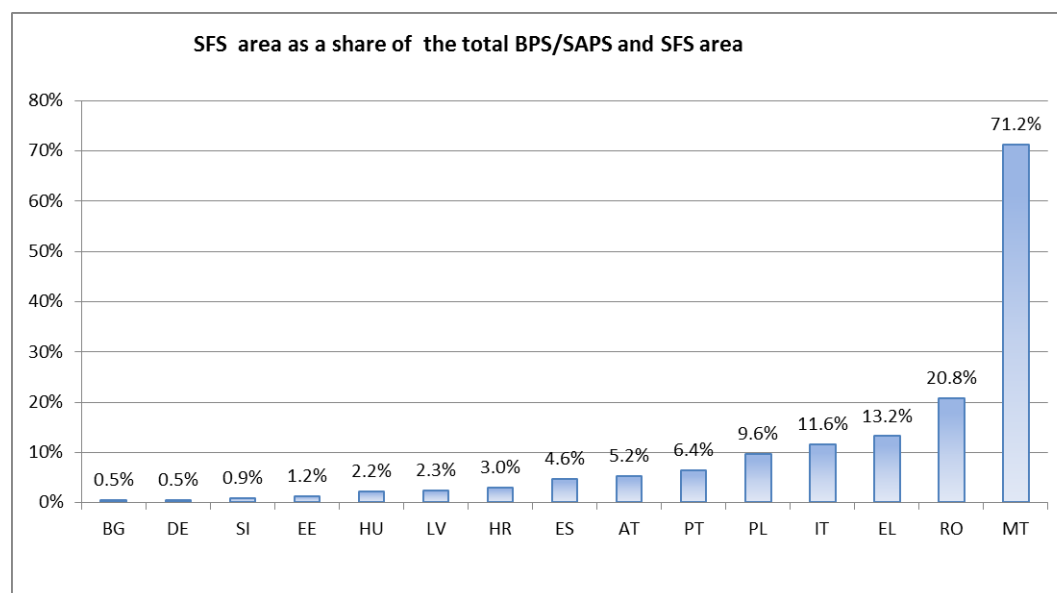
Source: MS notifications in ISAMM.

²³ For more information on the voluntary coupled support: https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/income-support/direct-payments_en

VIII. THE SMALL FARMERS SCHEME

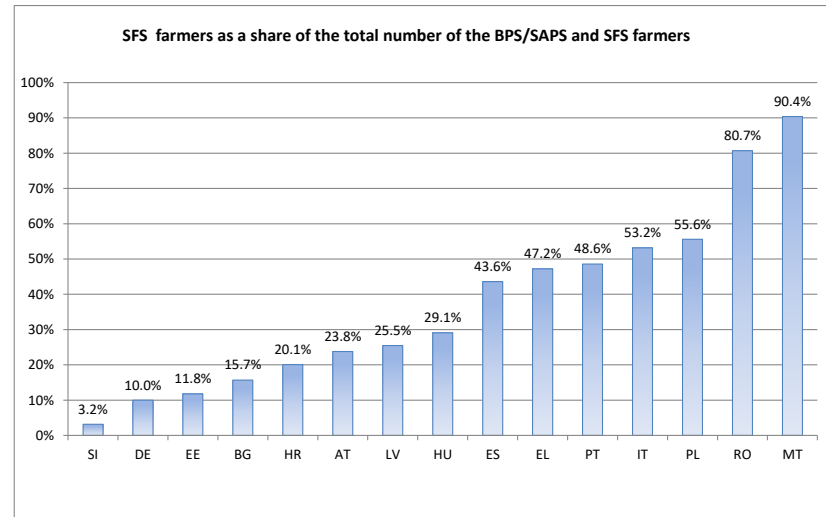
- The Small Farmers Scheme (SFS) is a **simplified scheme** which replaces all other direct payments that a farmer could be entitled to.
- It includes simplified administrative procedures for farmers: participating farmers are exempted from greening obligations and cross-compliance penalties²⁴.
- The scheme is **optional for Member States** and is applied in 15 Member States: BG, DE, EE, EL, ES, HR, IT, LV, HU, MT, AT, PL, PT, RO and SI.
- Member States can choose between different methods of calculation of the annual payment farmers participating in the SFS will be granted (either as a lump-sum per holding, or as an amount due taking into account what a farmer could receive outside the SFS either in year 2015 or annually).
- The level of payment is limited to a maximum of EUR 1 250 (a lower maximum can be fixed by the Member States).

- The number of participants in the Small Farmers Scheme (2.9 million applicants) represents around 50% of the BPS/SAPS (incl. SFS applicants) in these countries. However, as the size of their holdings is rather small (estimated 2.2 ha on average in the 15 Member States applying the scheme), the share of SFS area in the total BPS area determined is limited (7 % or 6.4 million ha).



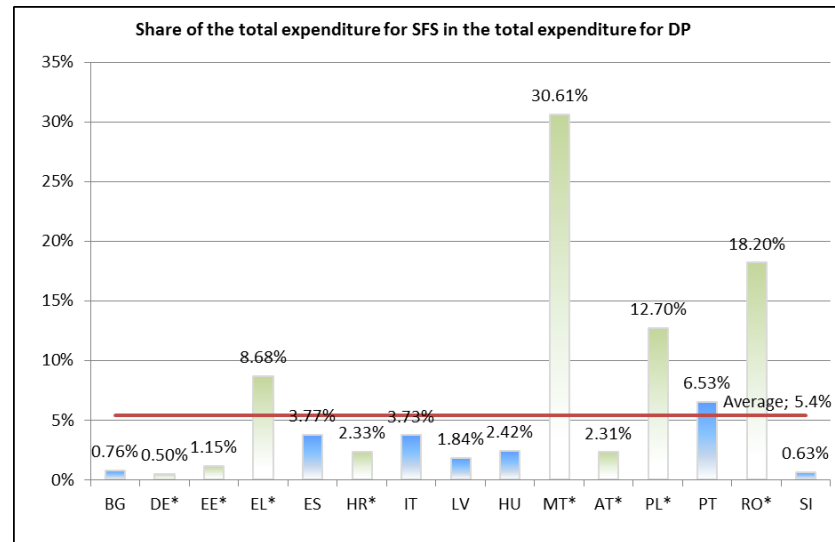
Source: MS reports to CATS and estimates based on ISAMM for PL.

- SFS applicants represent between 3% (SI) and 90% (MT) of applicants.
- The area covered by SFS go from 0.5% in BG, DE to 71.2% of total DP area in MT.



Source: MS reports in CATS and estimates based on ISAMM for PL.

- The total expenditure of **EUR 1 330 billion** for the SFS in CY 2015 represents **5.4%** of the total expenditure for direct payments in the 15 Member States applying the scheme.
- **MT** has the highest share of direct payments' expenditures for the SFS (30.6%), followed by **RO** (18.2%) and **PL** (12.7%). In **BG, DE** and **SI**, the total expenditure under the SFS represents less than 1% of their direct payments' expenditure.
- Due to the model chosen for calculating the SFS support, **BG, ES, IT, LV, HU, PT** and **SI** shall not grant more than a maximum of 10 % of their annual direct payments' envelope to finance the SFS. The enclosed graph shows that in these Member States the set maximum was significantly higher than the actual financing needs for the SFS. It means that these Member States were able to grant the SFS payment as calculated (full amount) without applying a linear reduction to payments under the scheme.



Source: MS reports AGREX for the financial year 2016. (*) The limit of 10% of the annual national ceiling for DP does not apply.

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