



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

Claim year 2016

This report presents the implementation of the direct payments by Member States for claim year 2016. It is based on the information provided by Member States to the Commission services to date. It is made available without prejudice to any finding in respect of their compliance with the regulatory framework. Data on the implementation in respect of claim year 2015, used in this report to compare the data collected in claim year 2016, have been corrected and/or updated where relevant.

June 2018

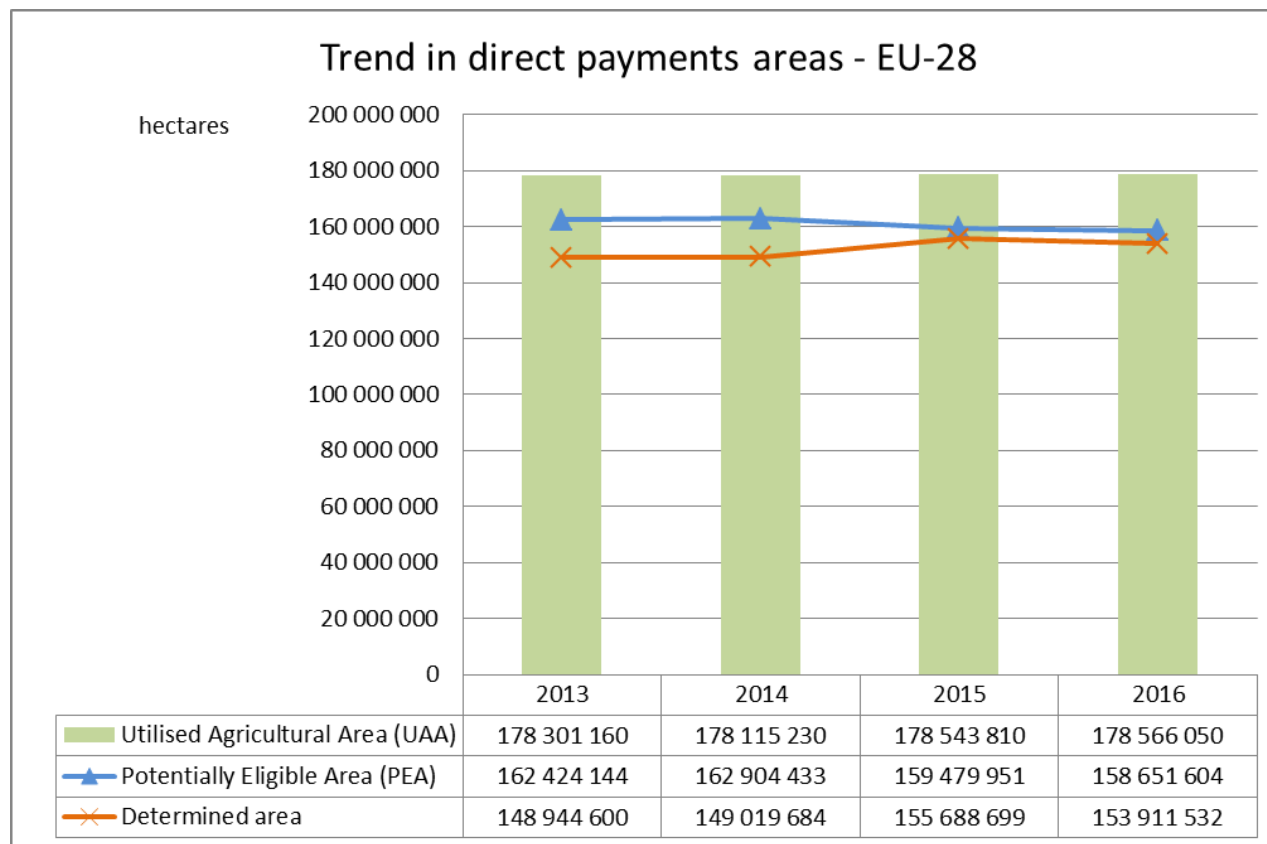
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I GENERAL IMPLEMENTATION DATA

I.1. Trend in the areas receiving direct payments

- The **Potentially Eligible Area (PEA)** of direct payments (DP) remains relatively stable between claim years (CY)2015 and CY2016 (-0.5%), whereas it slightly decreased between CY2014 and CY2015 (-2.1%) following the 2013 CAP reform due to the exclusion of ineligible features in one Member State (correction following an audit).
- The PEA covers about 90% of the **Utilised Agricultural Area (UAA)** across the EU-28 Member States.
- In CY2016, the **determined area** slightly decreased by 1.1% compared to CY2015, whereas it increased by 3.3% compared to CY2014.
- In CY2016, the determined area is only 3% below the PEA (8.5% below in CY2014). The gap between the determined area and the PEA indeed reduced significantly from 2015 as a result of the objective of the 2013 CAP reform - i.e. to cover as much as possible the potentially eligible agricultural area with payment entitlements (PEs).
- The determined area is still 14% below the UAA, but it was 16% below in CY2014.



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

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

The "Determined area" corresponds to the total area declared by beneficiaries and for which all eligibility conditions are met. It takes into consideration the results of the administrative and on-the-spot checks, and for the Basic payment scheme (BPS) the number of payment entitlements (PEs).

NB: The PEA and the determined area correspond to the area declared by farmers applying to the Single payment scheme (in CY2013 and CY2014), the BPS (in CY2015 and CY2016), the Single area payment scheme (SAPS) (all years) and the Small farmers scheme (SFS) (in CY2015 and CY2016). They do not cover the potential area declared by farmers who applied only for certain coupled payments (like cotton payments, voluntary coupled support...), which is marginal.

Data source: UAA – ESTAT and DG AGRI. PEA and Determined area – Member States' notifications in CATS.

I.2. The total agricultural area and the area getting direct payments in CY2016

- In general, the differences between the determined area and the PEA are due to the limitations in the number of payment entitlements compared to the eligible area for the eighteen BPS Member States (see section III.1 below) and by the result of controls in all Member States.
- In CY2016, the Member States with the highest differences between the PEA and the determined area are AT, ES, PT, IT, HR and the UK.
- The UAA is usually higher than the PEA and the determined area. However, it is sometimes lower because of differences in the definition of eligible area for direct payments and the UAA (e.g. common land is not always included in the 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 the BPS Member States (some fruit and vegetables or wine producers in certain Member States), and farmers not applying for direct payments.
- In CY2016, the Member States with the highest differences between the UAA and the determined area are: HR, RO, MT, EL, BG, PT and IT.

NB: The PEA and the determined area correspond to the area declared by farmers applying to the BPS, SAPS and SFS. They do not cover the potential area declared by farmers who applied only for certain coupled payments (like crop-specific payment for cotton payments, voluntary coupled support...), which is marginal.

CY2016								
Member States		UAA	PEA (BPS/SAPS + SFS)	Determined Area (BPS/SAPS + SFS)	Difference between Determined area and PEA	% Difference /PEA	Difference between Determined area and UAA	% Difference /UAA
BE	BPS	1 352 950	1 371 833	1 324 776	-47 057	-3%	-28 174	-2%
DK	BPS	2 625 100	2 641 779	2 578 384	-63 395	-2%	-46 716	-2%
DE	BPS	16 658 900	16 883 150	16 765 980	-117 170	-1%	107 080	1%
IE	BPS	4 446 840	4 530 347	4 387 911	-142 435	-3%	-58 929	-1%
EL	BPS	5 091 930	3 704 960	3 694 632	-10 328	0%	-1 397 298	-27%
ES	BPS	23 816 330	20 557 816	19 090 207	-1 467 610	-7%	-4 726 123	-20%
FR	BPS	29 088 880	26 465 861	25 706 804	-759 057	-3%	-3 382 077	-12%
HR	BPS	1 546 020	1 090 260	1 039 253	-51 007	-5%	-506 767	-33%
IT	BPS	12 843 320	10 324 712	9 723 345	-601 367	-6%	-3 119 975	-24%
LU	BPS	130 600	122 377	121 294	-1 083	-1%	-9 306	-7%
MT	BPS	11 580	8 003	7 979	-24	0%	-3 601	-31%
NL	BPS	1 796 260	1 756 408	1 715 430	-40 978	-2%	-80 830	-4%
AT	BPS	2 688 830	2 571 981	2 266 189	-305 793	-12%	-422 641	-16%
PT	BPS	3 630 430	2 916 806	2 742 106	-174 700	-6%	-888 324	-24%
SI	BPS	477 670	452 193	446 325	-5 868	-1%	-31 345	-7%
FI	BPS	2 274 500	2 256 444	2 254 627	-1 817	0%	-19 873	-1%
SE	BPS	3 020 920	2 898 642	2 869 938	-28 704	-1%	-150 982	-5%
UK	BPS	17 360 000	14 930 024	14 291 730	-638 293	-4%	-3 068 270	-18%
BPS Member States		128 861 060	115 483 596	111 026 911	-4 456 685	-4%	-17 834 149	-14%
BG	SAPS	5 021 410	3 746 894	3 710 529	-36 365	-1%	-1 310 881	-26%
CZ	SAPS	3 488 790	3 541 284	3 539 607	-1 677	0%	50 817	1%
EE	SAPS	1 003 510	953 576	948 992	-4 583	0%	-54 518	-5%
CY	SAPS	112 310	138 683	136 366	-2 317	-2%	24 056	21%
LV	SAPS	1 930 600	1 695 273	1 687 896	-7 377	0%	-242 704	-13%
LT	SAPS	2 954 070	2 849 827	2 823 791	-26 036	-1%	-130 279	-4%
HU	SAPS	5 348 970	4 942 768	4 902 047	-40 721	-1%	-446 923	-8%
PL	SAPS	14 405 600	14 207 400	14 135 082	-72 318	-1%	-270 518	-2%
RO	SAPS	13 520 850	9 245 118	9 166 812	-78 307	-1%	-4 354 038	-32%
SK	SAPS	1 918 880	1 872 808	1 858 512	-14 296	-1%	-60 368	-3%
SAPS Member States		49 704 990	43 193 631	42 909 634	-283 997	-1%	-6 795 356	-14%
EU-28		178 566 050	158 677 227	153 936 545	-4 740 682	-3%	-24 629 505	-14%

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

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

The "Determined area" corresponds to the total area declared by beneficiaries and for which all eligibility conditions are met. It takes into consideration the result of administrative and on-the-spot checks and for the BPS the number of payment entitlements.

Data source: UAA - ESTAT and DG AGRI. PEA and Determined area – Member States' notifications in CATS.

I.3. The number of admissible applicants for decoupled direct payments in CY2016

- Eligibility to the basic payment (BPS/SAPS – see section III.1 below) is a pre-condition to qualify for direct payments (with the exception of coupled support).
- The number of "admissible applicants" (*) between CY2015 and CY2016 decreased by 4.4%.
- The sharpest decrease is observed in some Member States that apply the BPS: IT (-10.6%), ES (-9.5%), FR (-6.7%) and EL (-5.9%) and in one Member State applying the SAPS: EE (-9.5%). In some Member States (IT, ES, EL) the decrease can be explained by the high number of withdrawals from the SFS (see section VIII below) or due to stricter maintenance criteria for permanent grassland and an increased concentration of small farms merging (EE).
- On the contrary, the number of applicants has increased in SK (+4.2%), CZ (+2.4%), UK-Northern Ireland (+1.8%) and BG (+0.5%). It has to be noted that the average farm size in SK and CZ is among the highest across the EU-28 Member States, which explains the relatively low absolute number of admissible applicants in these countries.

NB: The "admissible applicants" correspond to the number of farmers applying for the BPS, SAPS or SFS in CY2015 and CY2016. They do not cover those farmers who applied only for certain coupled payments (like cotton payments, voluntary coupled support...), which are marginal.

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

Number of admissible applicants in CY2015 and CY2016

Member States	Number of admissible applicants CY2015 (BPS/SAPS+SFS)	Number of admissible applicants CY2016 (BPS/SAPS+SFS)	%
BE-FI	22 470	22 108	-1.6%
BE-W	13 090	12 931	-1.2%
DK	40 645	39 366	-3.1%
DE	321 388	316 897	-1.4%
IE	126 754	124 385	-1.9%
EL	684 361	643 823	-5.9%
ES	783 266	709 059	-9.5%
FR	352 567	328 809	-6.7%
HR	97 218	95 612	-1.7%
IT	1 001 303	894 904	-10.6%
LU	1 824	1 779	-2.5%
MT	5 229	5 071	-3.0%
NL	45 790	45 720	-0.2%
AT	109 215	108 349	-0.8%
PT	154 396	149 708	-3.0%
SI	56 642	56 469	-0.3%
FI	52 659	51 426	-2.3%
SE	60 022	58 142	-3.1%
UK-E	87 109	85 658	-1.7%
UK-NI	23 788	24 220	1.8%
UK-Sc	18 958	18 012	-5.0%
UK-W	15 427	15 395	-0.2%
BPS MS total	4 074 121	3 807 843	-6.5%
BG	61 145	61 474	0.5%
CZ	28 846	29 534	2.4%
EE	17 003	15 383	-9.5%
CY	32 677	32 446	-0.7%
LV	61 100	59 732	-2.2%
LT	136 211	133 998	-1.6%
HU	173 558	172 286	-0.7%
PL	1 345 261	1 343 491	-0.1%
RO	872 723	843 034	-3.4%
SK	18 075	18 827	4.2%
SAPS MS total	2 746 599	2 710 205	-1.3%
EU MS total	6 820 720	6 518 048	-4.4%

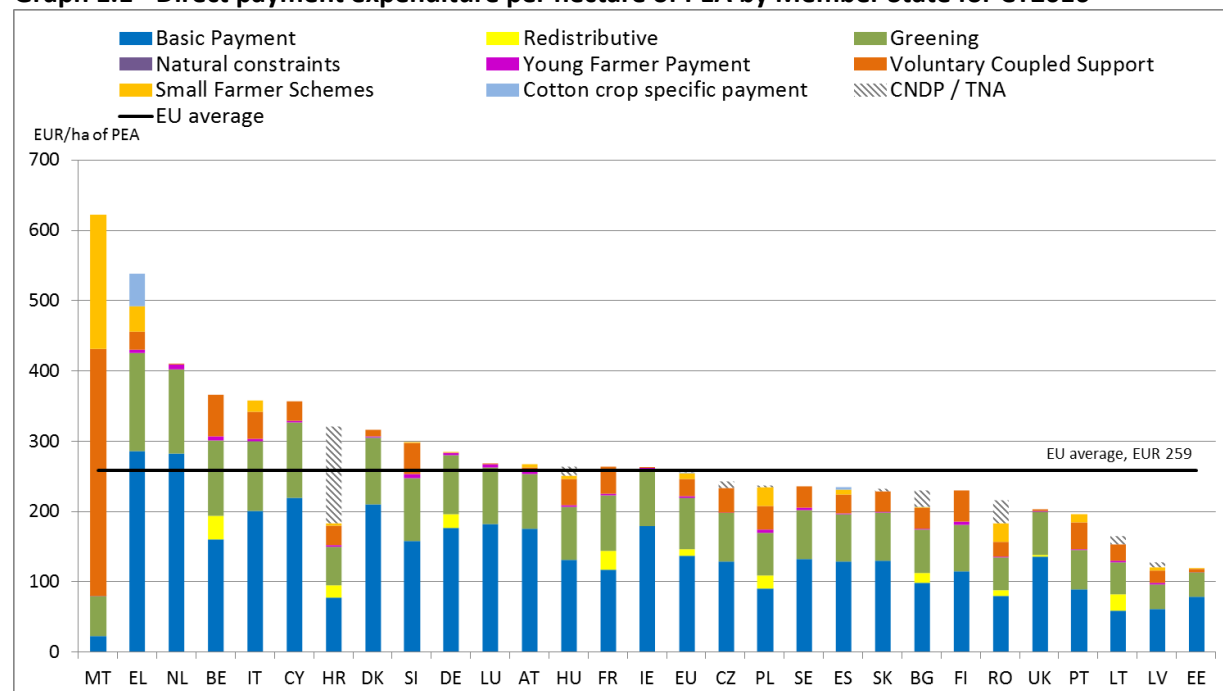
Data source: Member States' notifications in CATS.

I.4. Direct payments expenditure per hectare by Member State in CY2016

- In CY2016, the average direct payment (DP) granted per hectare of area declared by farmers (PEA) amounts to **259 EUR/ha** in a EU Member State, including the crop-specific payment for cotton and the possible national "top-ups" (i.e. the Complementary National Direct Payments for HR and the Transitional National Aid for SAPS Member States (except for EE and CY)).
- The average DP/ha ranges from 118 EUR/ha in EE to 622 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 in case the Member States decided to apply the flexibility between pillars¹ (for example, LV and EE transferred significant amounts to the Rural Development envelope).
- The part of each direct payments scheme differs depending on the initial financial allocation (fixed at EU level or, in most cases, decided by the Member States)² and reflects the related actual payments.
- The basic payment (BPS or SAPS) represents on average 52% of the direct payments envelope in CY2016.

NB: The PEA does not cover the 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.

Graph 1.1 - Direct payment expenditure per hectare of PEA by Member State for CY2016*



* These levels do not reflect the actual payments per hectare, because the animal-based Voluntary coupled support payments are included on a per hectare basis. The actual payment can be lower for Member States where the share of coupled support is high, like in MT.

PEA: The "Potentially Eligible Area" corresponds to the total area declared by beneficiaries and potentially eligible for payment. CNDP: Complementary National Direct Payments. TNA: Transitional National Aid.

The 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 programmes further to the flexibility between pillars, but include the amounts transferred from Rural development to direct payments. The data do not cover the programmes for outermost regions (POSEI), the measures in favour of the smaller Aegean islands nor the reimbursement of financial discipline.

Data source: Member States' notifications in AGREX for DP expenditure and in ISAMM for CNDP/TNA and in CATS for PEA.

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/simplementation-decisions-ms-2016_en.pdf

II. THE BASIC ELIGIBILITY CONDITIONS FOR DIRECT PAYMENTS

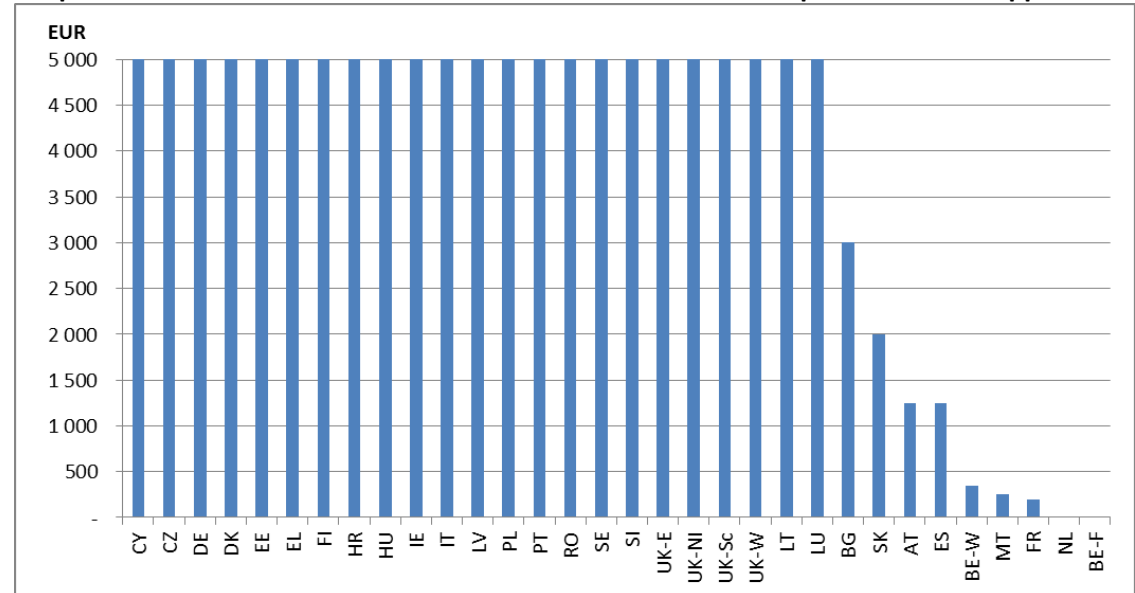
- **The basic eligibility conditions for benefitting from direct payments are³:**
 - To comply with the so-called "minimum requirements",
 - To be an active farmer,
 - To have agricultural land at their disposal that is used for agricultural activity.
- Direct payments can only be granted above certain thresholds defined by Member States ("**minimum requirements**").
- Generally, direct payments are not granted where the amount of direct payments would be less than an amount fixed by Member States between EUR 100 and EUR 500 and/or where the claimed eligible area is less than an area ranging from 0.3 hectare to 5 hectare.
Those minimum requirements are meant to avoid an excessive administrative burden resulting from having to manage the payments of small amounts.
- Moreover, the applicants must fulfil the condition of **being farmers** (natural or legal person, or a group of natural or legal persons, whose holding is situated within the territory of the EU and who exercises an agricultural activity).
- The performance of an agricultural activity is requested on the entire area and in principle every year, and it may consist in producing agricultural products including breeding animals, or in maintaining the land in a state suitable for grazing or cultivation.
- Since the 2013 CAP reform, the applicants must also fulfil the conditions of the "**active farmer clause**". This clause aims at preventing individuals and companies who hold agricultural land from receiving support from the CAP when their agricultural business is only marginal.
- **Other eligibility conditions** are added for specific schemes (e.g. greening, young farmer payment...).

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

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 State but may not be higher than EUR 5 000 (see [graph 2.1](#)).
- 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. 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 in CY2015.
- 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 Member States 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.

Graph 2.1 - Threshold of DP level below which the active farmer provision is not applied

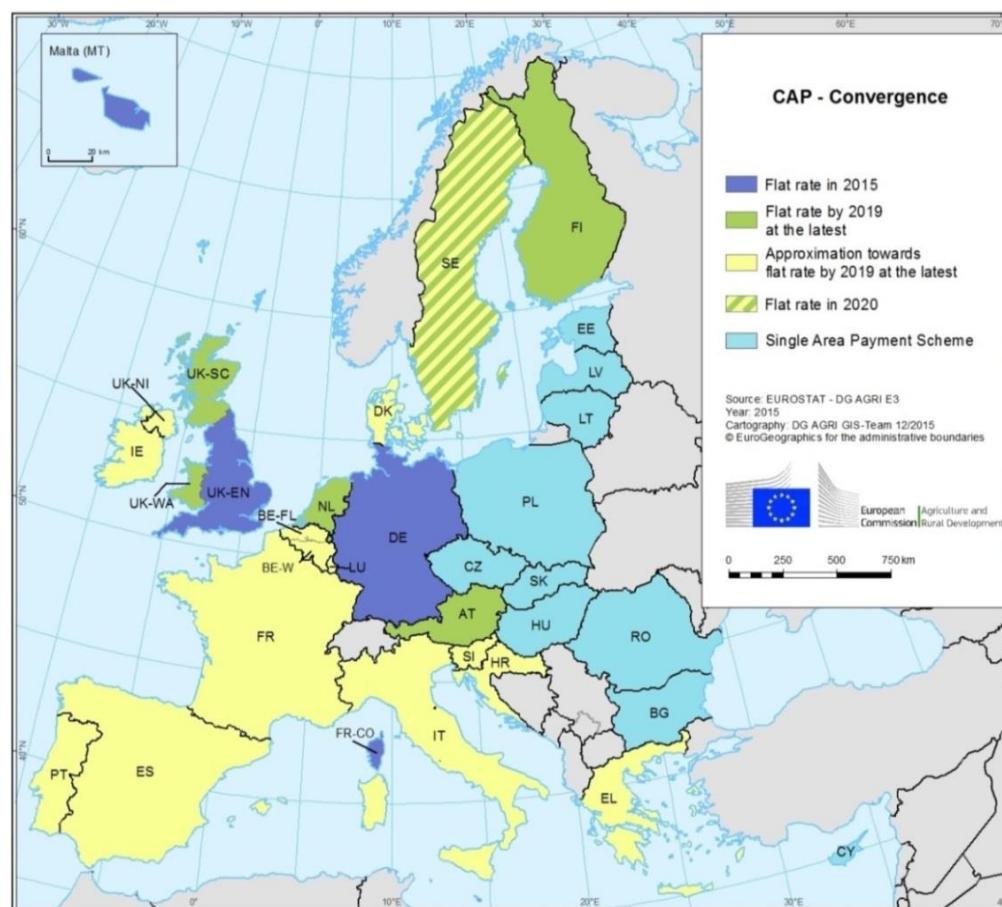


Data source: Member States' notifications in ISAMM in respect of CY2016.

III. THE BASIC PAYMENT

III.1. The models of basic payment after the 2013 CAP reform

- The basic payment is the basic layer of income support, topped-up by other direct payments targeting specific issues or specific types of beneficiaries. The following map illustrates the model of basic payment and internal convergence chosen by each Member State.
- Eighteen 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 ten Member States (BG, CZ, EE, CY, LV, LT, HU, PL, RO and SK) keep applying the **Single area payment scheme (SAPS, see section III.4 below)**.
- Under the **BPS⁴**, farmers are allocated payment entitlements (PEs) 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 payments, 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 2015⁵**":
 - In 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.
 - In FI and UK-Scotland, it is applied at regional level.
- BE-Flanders, BE-Wallonia, DK, IE, EL, ES, FR-Hexagone, 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.



Data source: Member States' 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

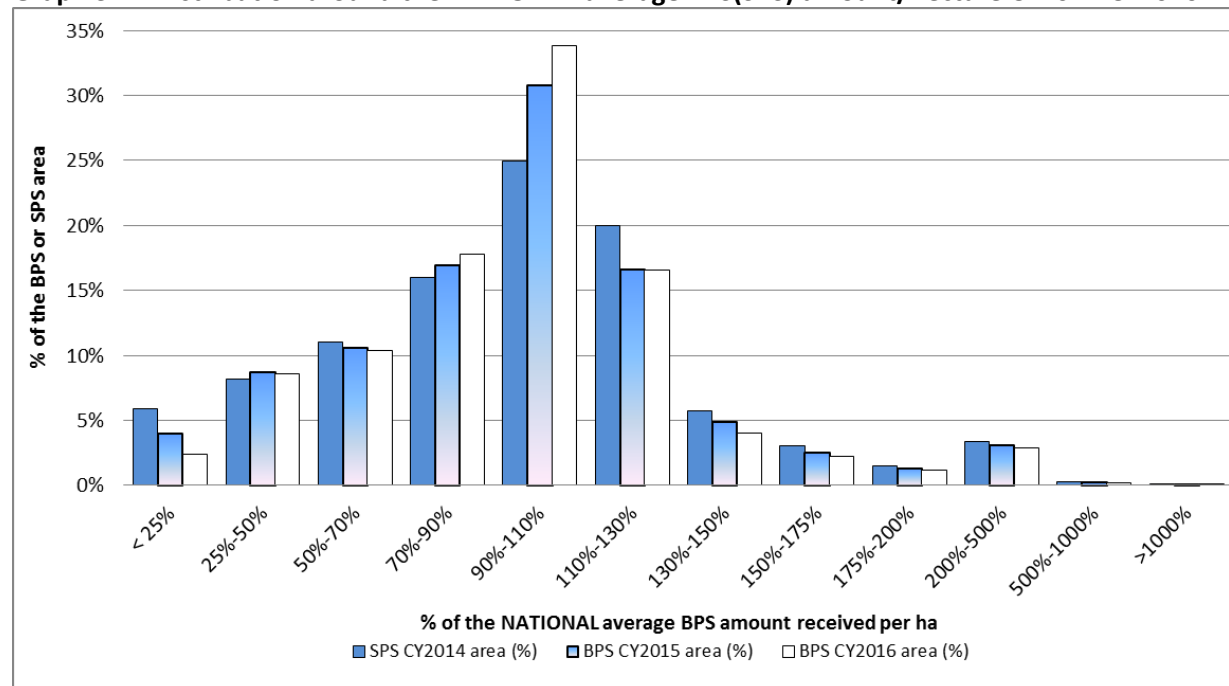
⁵ For more information on the internal convergence, see the document "Direct Payments: the Basic Payment Scheme from 2015. Convergence of the value of payment entitlements ('Internal Convergence')" at https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/internal-convergence_en.pdf

III.2 The Basic payment scheme - The internal convergence

- In the eighteen Member States applying the BPS, the 2013 CAP reform has introduced a move away from historical references with a mechanism of convergence of direct payments per hectare ("**internal convergence**") within Member States (see the options taken by Member States in section III.1 above).
- The graph shows that the area benefiting from a BPS amount/hectare close to the national average is significantly higher than it was in the year preceding the reform (i.e. CY2014).
- A higher convergence will be attained in CY2019. However, some significant differences in average BPS amounts per hectare will remain in CY2019 in the Member States applying the partial convergence.

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

Graph 3.1 - Distribution around the NATIONAL average BPS(SPS) amount/hectare CY2014-CY2016



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

BPS: The Basic payment scheme.

NB: The graph is based on CATS data for financial years (FY) FY2016 and FY2017 covering mainly CY2015 and CY2016 and sets out the share of area for which the amount determined (before penalties) per hectare represents x% from the estimated national average under SPS in CY2014 or under BPS in CY2015 and CY2016. Due to limitations in the available statistics, these data do not include the population of farmers participating in the SFS (while these farmers were also allocated payment entitlements for their eligible hectares)

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

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

- As a matter of priority, Member States are obliged to allocate payment entitlements (PEs) from the national/regional reserve to **young farmers⁶** and to **farmers commencing their agricultural activity** (so-called "new entrants").
- The reserve may also be used to settle allocations to farmers following a **definitive court ruling** or a **definitive administrative act**.
- Member States may also define additional categories of farmers to be served from the reserve (most typically, farmers in areas with a risk of **land abandonment** or farmers with a **specific disadvantage**)
- Entitlements from the reserve are allocated per eligible hectare and at the **national/regional average value** of entitlements in the Member States in the respective year. Member States may opt both for allocating new entitlements and increasing the value of the existing entitlements up to the national/regional average for certain categories of farmers.

- In CY2016, **35 564 farmers** entered the BPS via the reserve (representing 0.87% of all BPS beneficiaries, compared to 3.15% in CY2015) of which **9 851** are **young farmers**. The area of farmers entering the BPS via the reserve represents 0.44% of the total area determined. In the Member States that applied the "historic SPS model" until CY2014, nearly 60.6% of farmers entering via the reserve are young farmers.
 - More than half of the total number of farmers who entered the BPS via the reserve came from **HR** (19 227 farmers). However, only 1.41% of the farmers entering the BPS via the reserve in HR are young farmers.
 - The highest shares of young farmers among the farmers "entering" the BPS via the reserve are found in **SI** (almost 95%), **DK**, **BE-Wallonia** (around 90%), **BE-Flanders**, **UK-England** and **ES** (around 89%).
 - In CY2016, there is no allocation of PEs from the reserve in EL, IE and MT.

Table 3.1 - Number of farmers and number of hectares "entering" the BPS via the reserve

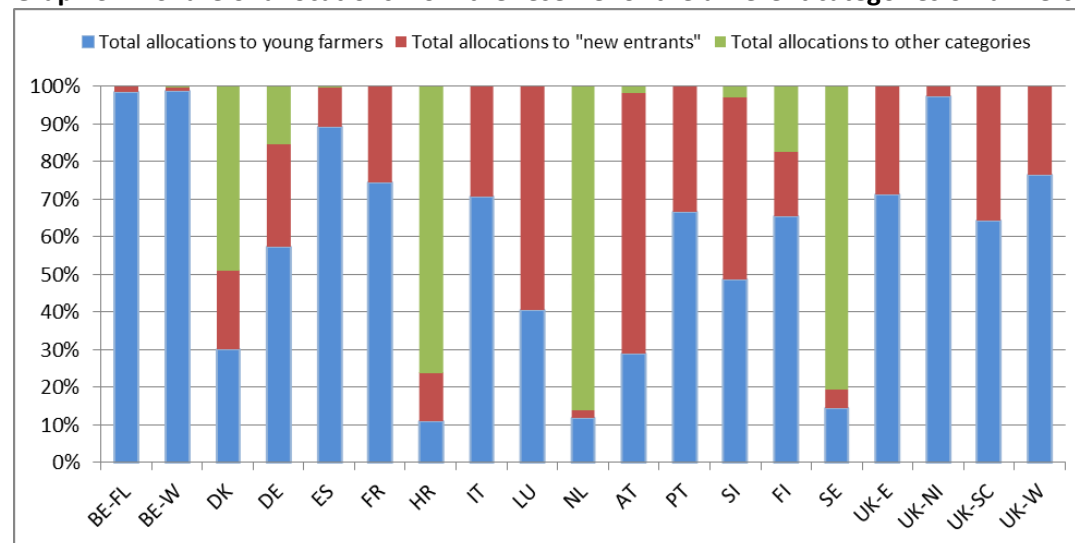
	MS/Region	"Entry" in the BPS via the reserve		Total in the BPS (where relevant, including SFS)		Share of "entry" via the reserve compared to the total	
		Number of farmers	Number of hectares determined	Number of farmers	Number of hectares determined	Number of farmers	Number of hectares determined
MS with regional/hybrid SPS model	DK	31	2 855	40 645	2 578 384	0.08%	0.11%
	DE	1 746	32 901	316 897	16 765 980	0.55%	0.20%
	LU	9	197	1 824	121 294	0.49%	0.16%
	MT	-	-	5 071	7 979	0.00%	0.00%
	SI	56	2 817	56 705	446 325	0.10%	0.63%
	SE	1 180	26 851	60 022	2 869 938	1.97%	0.94%
	FI	56	2 844	52 659	2 254 627	0.11%	0.13%
	HR	19 227	55 318	95 612	1 039 253	20.11%	5.32%
	UK-NI	120	3 967	23 788	937 025	0.50%	0.42%
	UK-En	65	7 136	87 109	8 266 863	0.07%	0.09%
	Sub-total	22 490	134 886	740 332	35 287 669	3.04%	0.38%
MS with historic SPS model	BE-F	64	3 157	22 470	588 059	0.28%	0.54%
	BE-W	20	605	13 090	736 717	0.15%	0.08%
	IE	-	-	126 754	126 754	0.00%	0.00%
	EL	-	-	887 938	3 694 633	0.00%	0.00%
	ES	2 256	84 719	709 059	19 090 207	0.32%	0.44%
	FR	1 665	94 660	352 567	25 706 804	0.47%	0.37%
	IT	7 656	95 769	894 904	9 723 345	0.86%	0.98%
	NL	142	5 634	45 790	51 424	0.31%	10.96%
	AT	449	3 815	108 349	2 266 189	0.41%	0.17%
	PT	501	21 064	149 708	2 742 106	0.33%	0.77%
	UK-Sc	162	15 374	18 950	3 729 876	0.85%	0.41%
	UK-W	159	3 917	15 427	1 357 966	1.03%	0.29%
	Sub-total	13 074	328 714	3 345 006	69 814 081	0.39%	0.47%
	Total BPS MS	35 564	463 600	4 085 338	105 101 750	0.87%	0.44%

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

⁶ "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**⁷ in CY2016 in terms of amounts allocated consists of:
 - 53.8% to young farmers,
 - Nearly 18.5% to "new entrants",
 - 27.8% to the other categories of farmers; i.e. "risk of land abandonment" and "specific disadvantage" (defined pursuant to Article 30(7)(a) and (b) of Regulation (EU) N° 1307/2013), or in the case of NL and SE to linearly increase the value of all PEs (pursuant to Article 30(7)(e)).
- In **HR**, 2 % of allocations are for farmers cultivating state owned land (Article 30(7)(a)), nearly 24% for farmers with a specific disadvantage (Article 30(7)(b)) and only around 11 % for young farmers.
- In **DK**, 39% of allocations are used for cases related to a definitive court ruling or administrative act (Article 30(9)), and 30% to young farmers.
- In **FI**, allocations from the reserve are mainly (65%) to young farmers, but a quite significant share (17%) is allocated to farmers under categories defined pursuant to Article 30(7)(a).
- In **SE**, 8% of allocations are for farmers under categories defined pursuant to Article 30(7)(a) and nearly 14% were to young farmers.

Graph 3.2 - Share of allocations from the reserve for the different categories of farmers



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

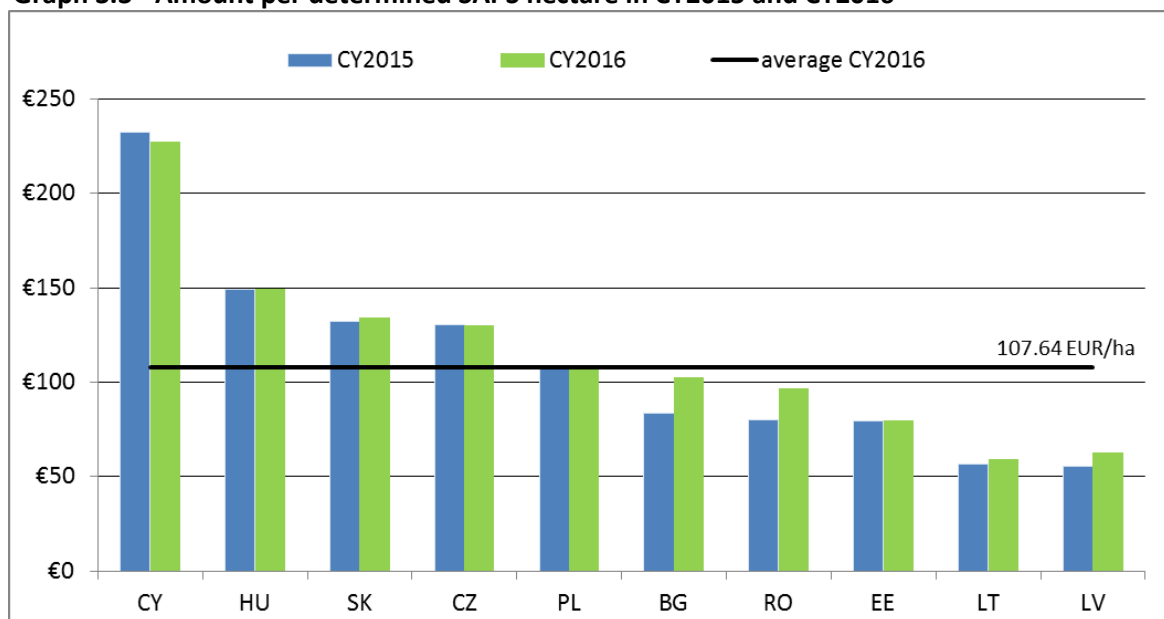
⁷ This includes the allocations of new entitlements and the increase of value of the existing entitlements.

III.4. The Single area payment scheme (SAPS)

- The **Single area payment scheme (SAPS)** is a **transitional scheme** (available until 31 December 2020) and is implemented by ten Member States applying SAPS in CY2014: BG, CZ, EE, CY, KV, LT, HU, PL, RO and SK.
- The SAPS is a **flat-rate payment** calculated annually taking into account the annual financial envelope for SAPS and the total number of eligible hectares declared by farmers in the claim year. Similarly to BPS, the SAPS is a decoupled payment (the type of agricultural activity exercised or the agricultural sector a farmer is active in has no impact on the eligibility and on the level of SAPS support).

- Regarding the total area determined and the total number of farmers supported under SAPS (incl. the SFS), see sections I.2 and I.3 above.
- On average, the determined SAPS amount⁸ is **EUR 107.64** per hectare in CY2016 (+5% compared to 102.48 EUR/ha in CY2015; see [graph 3.3](#)).
- However, differences persist at Member State level: 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 difference in the proportion between the financial envelope and the agricultural area, the chosen flexibility towards (or from) rural development, and also by the policy choices made by the SAPS Member States.
- For example, **LT** applies the redistributive payment for the first 30 hectares a farmer declares and hence its SAPS envelope is relatively low.
- Also, **LV** applies the SFS as a "lump-sum payment" of EUR 500 (23.7% of farmers eligible for SAPS participate in the SFS). As a result, the SAPS amount remaining for farmers not participating in this scheme is also relatively low.

Graph 3.3 - Amount per determined SAPS hectare in CY2015 and CY2016



Data source: Member States' notifications in CATS/Agriview.

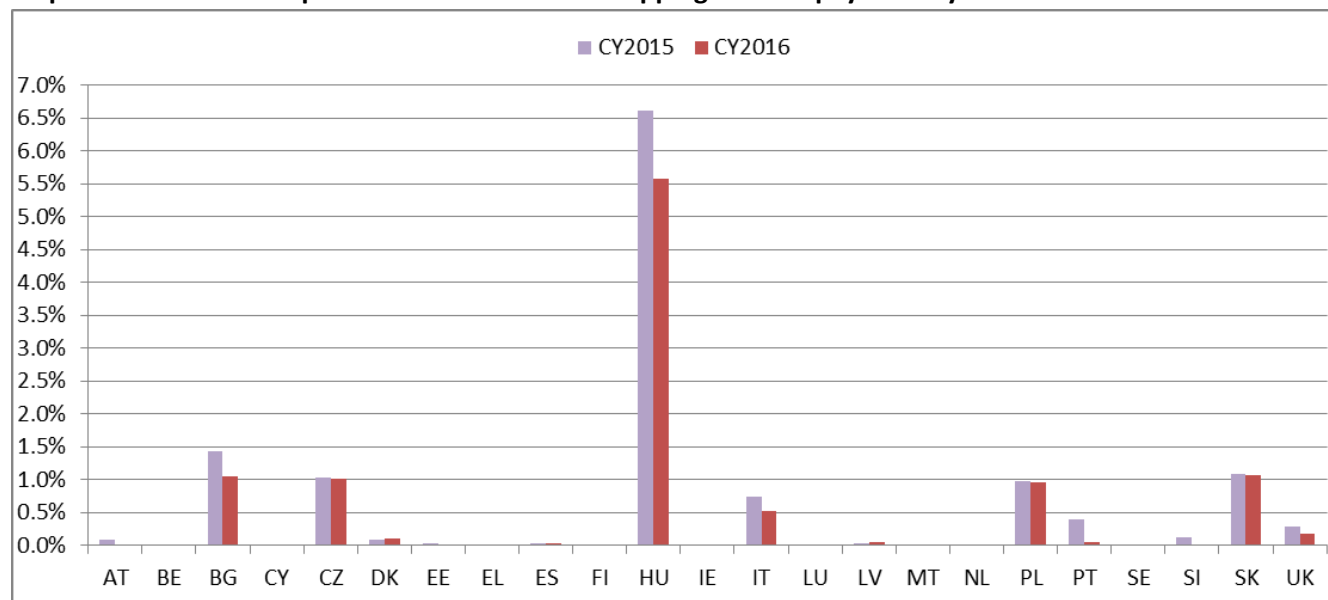
⁸ This amount is calculated by dividing the total amount determined under SAPS (before penalties) by the total number of hectares determined under SAPS. It corresponds to the payments to be made under SAPS, and does not include the amounts or hectares determined under the SFS.

III.5. The reduction of payments and capping of basic payment

- The **reduction of payments** applies only to the basic payment (and not to the total direct payments): 5% reduction shall be applied to amounts from EUR 150.000 of BPS/SAPS, with the possibility to deduct salaries from the amount of basic payment before applying the reduction.
- Higher reductions and **capping** (= 100% reduction) can be implemented but are not compulsory⁹.
- Member States applying the redistributive payment with more than 5% of the national ceiling allocated to the scheme may decide not to apply the mechanism (BE-Wallonia, DE, FR, HR, LT and RO).

- In CY2016, the product of the reduction and capping amounts to EUR 79 million, representing only 0.36% of the basic payment expenditure (compared to EUR 98 million or 0.44% in CY2015).
- This product has remained generally low with the exception of HU (see [graph 3.4](#)), where the product of reduction and capping (set at EUR 176 000) represents 5.6% of the envelope in CY2016 (6.6% in CY2015).
- The difference between the percentage of the reduction and capping between CY2015 and CY2016 can be explained by an increase in the basic payment envelope in SAPS Member States (BG), and possibly by a decrease in the value of high-value payment entitlements due to the internal convergence in BPS Member States (IT, PT, SI and the UK).

Graph 3.4 - Share of the product of reduction and capping of basic payment by Member States



Data source: Member States' notifications in AGREX.

⁹ 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

- The **Transitional national aid (TNA)** is **not an EU direct payment**: it is a successor of the complementary national direct payments (CNDPs) which were foreseen in the Accession Treaties of the Member States joining the EU in 2004 and later.
 - The TNA can be granted only in SAPS Member States and this support is **100% financed by the national budget**. For CY2016, the TNA is granted in all SAPS Member States, except for EE and CY (see [table 4.1](#)).
 - The TNA is aimed at supporting certain sectors for which similar support was granted in the past (in case of BG and RO, this past reference is the CNDPs granted in CY2013; in the other SAPS Member States, it is the TNA granted in CY2013).
 - The objective of TNA is to avoid a sudden and substantial decrease of support for those sectors. The level of support available under the TNA is to be steadily decreased annually.
- In total, eight SAPS Member States decided to grant **EUR 744.41 million** in TNA for CY2016 (12% of this amount is paid as coupled support). However, implementation data show an under-execution: according to the information available only **EUR 564.37 million** are **actually paid** (15% of this amount is paid as coupled support). Compared to CY2015, the total amount paid decreased by 6.3%.
 - The execution rate of coupled payments is higher than that of decoupled payments (92% of amounts available as coupled TNA have been paid, while in the case of decoupled payments, the execution rate is 74%).

Table 4.1 - Decisions on TNA and implementation data on payments and beneficiaries

MS	Type of TNA**	Maximum level of support allowed in CY2016 (000 EUR)	Amount paid in CY2016 (000 EUR)	Execution level (% paid compared to envelope)	Number of beneficiaries in CY2016
Bulgaria	Bovine animals (decoupled)	22 952	22 871	100%	5 723
	Sheep and goat (coupled)	19 205	19 056	99%	7 515
	Tobacco (decoupled)	56 389	45 553	81%	41 384
Czech Republic	Decoupled area payment	23 384	23 178	99%	25 716
	Hops (decoupled)	986	987	100%	123
	Potato starch (decoupled)	1 562	1 563	100%	171
	Ruminants (decoupled)	3 473	3 441	99%	8 784
	Sheep and goat (coupled)	47	46	98%	3 022
	Suckler cows (coupled)	907	916	101%	7 053
Latvia	Arable crops (decoupled)	9 961	9 763	98%	18 918
	Arable crops and potato starch (decoupled)	2 170	2 045	94%	19 329
	Ewe (coupled)	130	129	100%	679
	Potato starch (decoupled)	83	83	99%	55
	Suckler cows (coupled)	867	864	100%	2 964
Lithuania	Arable crops (decoupled)	21 323	-	0%	-
	Bulls 1 (decoupled)	16 538	10 872	66%	24 588
	Bulls 2 (decoupled)	7 391	-	0%	-
	Ewe (coupled)	165	163	99%	1 357
	Flax for fibre (decoupled)	111	-	0%	-
	Milk (decoupled)	17 275	17 239	100%	30 929
	Protein crops (decoupled)	1 502	1 053	70%	4 641
	Slaughtered adult animals (decoupled)	24 039	-	0%	-
	Suckler cows (decoupled)	8 179	4 285	52%	14 424
Hungary *	Beef (decoupled)	13 389	9 231	69%	7 052
	Cattle extensification (decoupled)	9 724	7 521	77%	1 876
	Ewe (coupled)	74	52	70%	7 008
	Ewe (decoupled)	1 470	1 098	75%	645
	Milk (decoupled)	37 928	37 931	100%	4 577
	Suckler cows (coupled)	9 725	4 370	45%	2 772
	Tobacco (Burley) - decoupled	2 672	1 307	49%	612
	Tobacco (Virginia) - decoupled	7 761	1 990	26%	347
Poland	Tobacco (group I - Virginia) - decoupled	21 578	21 404	99%	8 117
	Tobacco (group of varieties II,III,IV) - decoupled	12 111	11 944	99%	5 587
Romania *	Beef and veal (decoupled)	108 986	102 706	94%	136 971
	Decoupled area payment	119 422	118 309	99%	663 511
	Decoupled payment for dairy	25 933	20 058	77%	52 896
	Decoupled sugar beet payment	2 122	2 119	100%	838
	Flax and hemp (decoupled)	8	6	80%	6
	Hops (decoupled)	118	118	100%	4
	Sheep and goat (coupled)	54 690	52 777	97%	52 611
Slovakia	Tobacco (decoupled)	1 784	1 742	98%	343
	Decoupled animal payment	29 546	-	0%	-
	Decoupled area payment	40 990	-	0%	-
	Hops (decoupled)	60	-	0%	-
	Sheep and goat (coupled)	2 921	2 872	98%	1 465
	Suckler cows (coupled)	2 758	2 704	98%	1 374
Total		744 405	564 367	76%	1 165 987

* All CZ data are provisional. Also RO data provisional, except hops decoupled TNA. HU data are all provisional except for beef, cattle extensification and ewe (decoupled)

** All TNA relate to a sector (mainly as a decoupled payment on the basis of historic reference, unless specified otherwise)

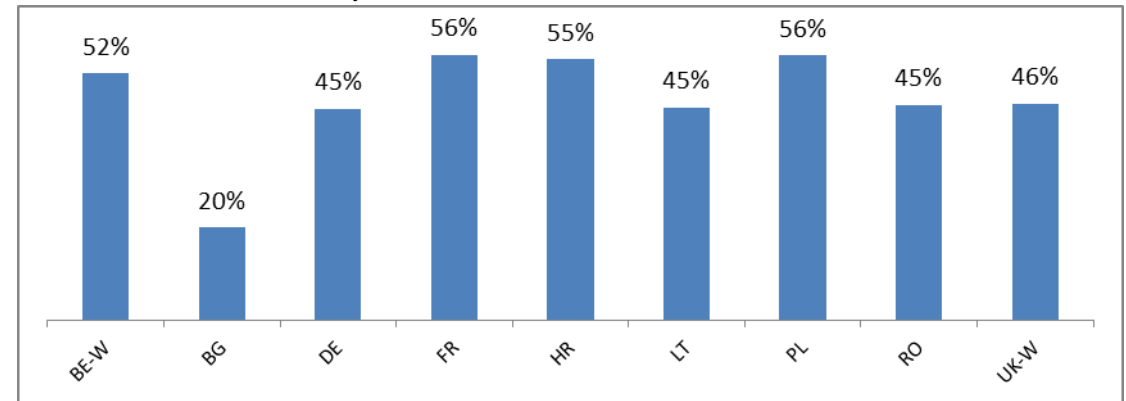
Data source: Member States' notifications in ISAMM.

V. THE REDISTRIBUTIVE PAYMENT

- In CY2016, the **Redistributive payment (RP)** is implemented by nine Member States: BE-Wallonia, BG, DE, FR, HR, LT, PL, RO and UK-Wales.
- The financial allocation to the scheme goes from 0.5% (UK) 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 limit¹⁰.

- In Member States applying the RP, all farmers eligible for BPS/SAPS may receive the RP. However, beneficiaries only receive this payment up to a certain number of hectares per holding. As a result, only a part of the BPS/SAPS area benefits from this payment creating a redistributive effect.
- The farmers participating in the SFS scheme (see section VIII below) have the redistributive payment component included in the calculation of the SFS payment (unless, Member States grant the SFS as a lump-sum payment (PT, LV¹¹)).
- In [graph 5.1](#), it can be observed that in most of these Member States the RP is paid for approximately 50% of the basic payment (incl. the SFS) area, except for BG (20%).

Graph 5.1 - Share of the area determined under the RP (incl. SFS) in comparison to the total area determined under BPS/SAPS in CY2016



Data source: Member States' notifications in CATS/Agriview and ISAMM for SFS.

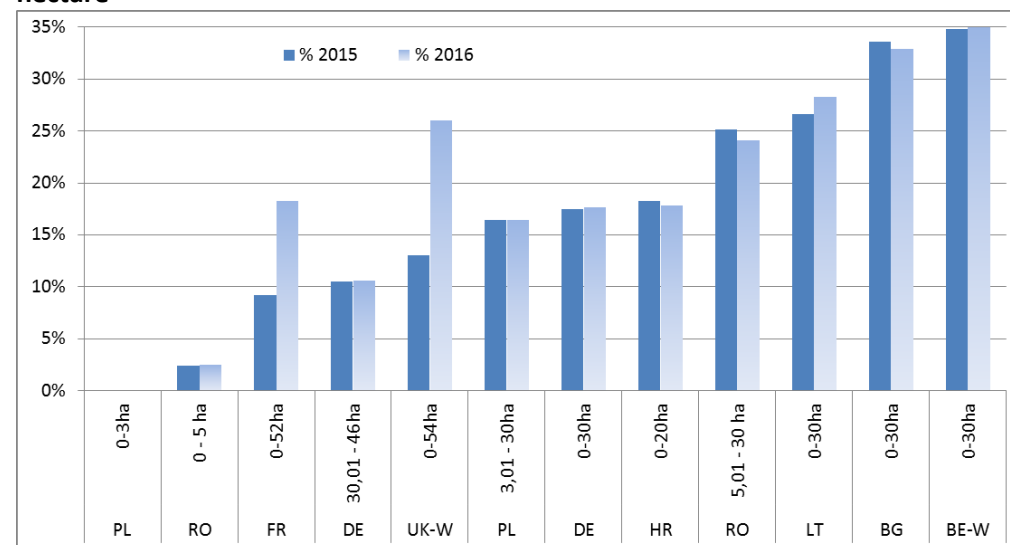
¹⁰ For more information on the redistributive payment: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/ds-dp-redistributive-payment_en.pdf

¹¹ Neither PT nor LV applied the redistributive payment in CY2015 and CY2016.

- As regards the RP unit rate, Member States could fix an amount up to 65% of the average national/regional direct payment per hectare.
- However, this maximum amount is not used. The percentage went from 0% for the first tranche in PL to 35% in BE-Wallonia.
- In CY2016, the actual unit rates per hectare are as follows:

Member State	Tranche (in hectare)	Unit rate (in EUR/ha)
BE-Wallonia	0-30	127.00
BG	0-30	75.32
DE	0-30	50.14
	30.01-46	30.08
FR	0-52	49.60
HR ¹²	0-20	75.99
LT	0-30	51.81
PL	0-3	0
	3.01-30	40.01
RO	0-5	5.00
	5.01-30	48.5
UK-Wales	0-54	51.02

Graph 5.2 - Payment figure as a % of the national/regional average payment per hectare



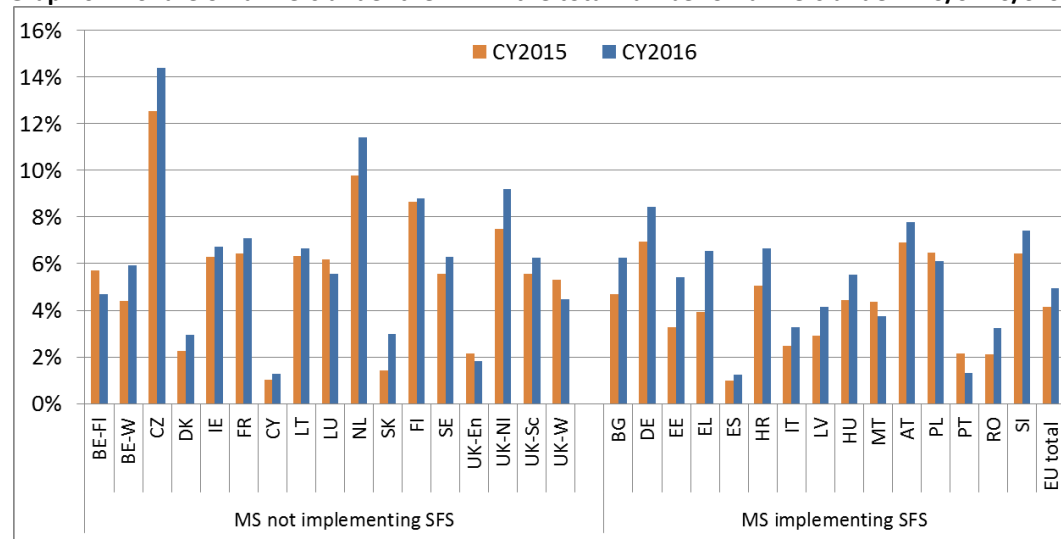
Data source: Member States' notifications in ISAMM. The national/regional average payment corresponds to the total DP envelope of the Member States for CY2019 divided by the number of eligible hectares declared under BPS/SAPS in the Member States in CY2015.

¹² For HR, the unit rate of the RP (EUR 75.99) corresponds to the "fully phased-in" amount of the RP (calculated as if 100% of direct payments were phased-in in HR). However, in CY2016, HR is at 40% "phased-in" for direct payments, which means that the EU contribution can only be EUR 35.60, but can be complemented by the complementary national direct payments (CNDP) to RP in order to pay farmers the full rate (EUR 75.99). However, due to national budget limitations, the amount actually paid for the RP is partially complemented by CNDPs, EUR 60.45.

VI. THE YOUNG FARMER PAYMENT

- The **Young farmer payment (YFP)** targets farmers of no more than **40 years of age** who are setting up for the first time an agricultural holding as head of the holding, or who have already set up such a holding during the five years preceding the first application to the YFP.
- The scheme is **compulsory** for all Member States¹³.
- The payment, which is additional to other direct payments (including the basic payment, greening etc.), is limited to a maximum period of **five years** following the setting-up of the holding.

Graph 6.1 - Share of farmers under the YFP in the total number of farmers under BPS/SAPS/SFS



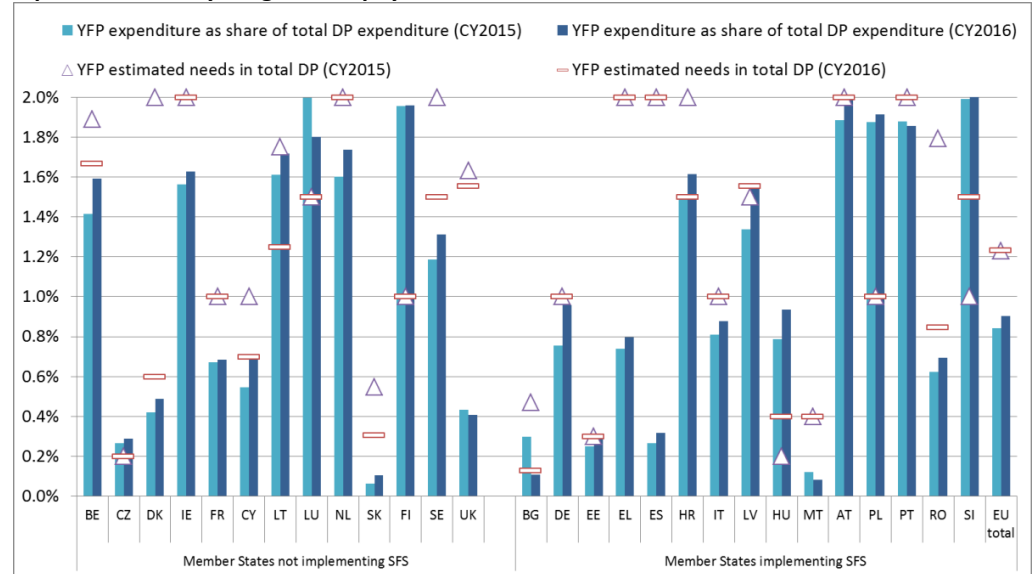
Data source: Member States' notifications in CATS/Agriview.

- In CY2016, 321 788 (4.9%) of the BPS/SAPS/SFS applicants benefited from the YFP in the EU-28 Member States (see [graph 6.1](#))¹⁴ (+13% compared to CY2015).
- The share of beneficiaries under the YFP is the highest in CZ (14.4%), followed by NL (11.4%) and the UK-Northern Ireland (9%).
- It is above 6% in IE, FR, LT, FI, UK-Northern Ireland, DE, AT, PL and SI in both CY2015 and CY2016.
- It is below 2% in CY, SK, UK-England, ES and PT.

¹³ For more information on the YFP: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/young-farmer-payment_en.pdf

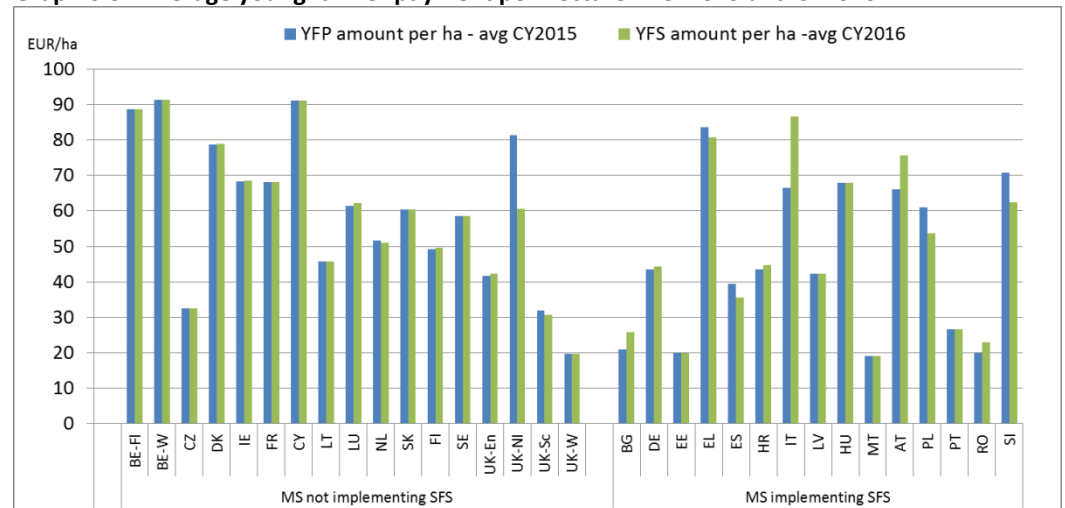
¹⁴ While the total number of applicants and area for the basic payment (BPS and SAPS) includes the farmers who applied for the SFS, the total number of YFP beneficiaries and the area do not include the beneficiaries of the SFS who would have benefitted from the YFP had they not opted for the SFS. This is due to a lack of detailed data. Therefore, the data are divided in two categories: for the category "Member States implementing SFS" the actual data representing the total young farmers population could be slightly different, if it would be possible to include also the 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.

Graph 6.2 - Actual young farmer payment versus estimated needs in CY2015 and CY2016



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

Graph 6.3. Average young farmer payment per hectare in CY2015 and CY2016



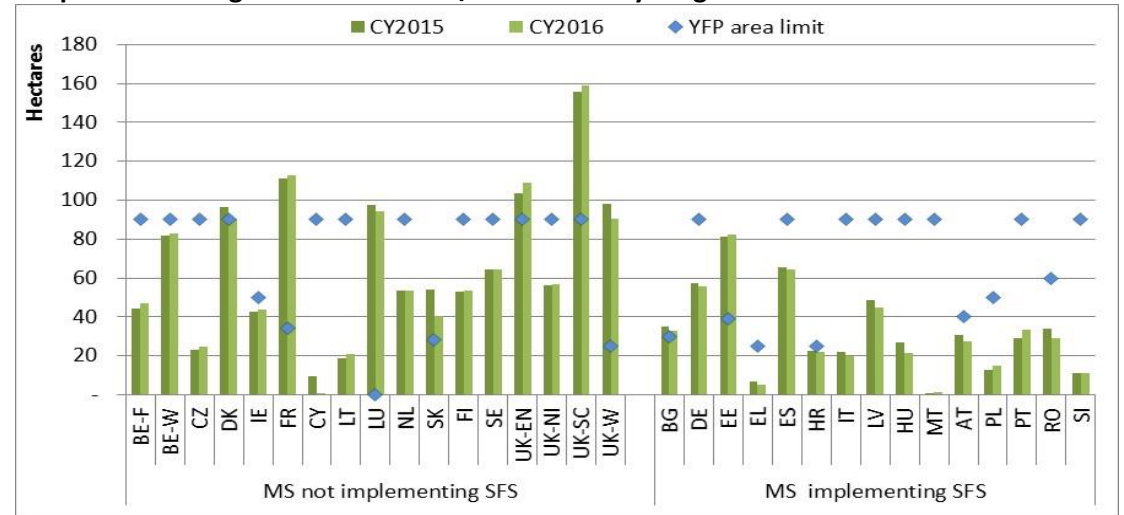
Data source: DG AGRI estimates based on Member States' notifications in CATS (except for NL and FI, estimates based on AGREX for expenditures and on CATS for the area determined for young farmers).

- In CY2016, the "top-up" payment for young farmers amounts approximately to **EUR 365 million** (0.9% of DP envelopes), well below the initial estimates from the BPS/SAPS Member States (around 1.23% of DP envelope).
- The total YFP increased by 8% (+ EUR 27 million) compared to CY2015 (EUR 337 million).
- Only a few Member States spend actually more than expected in CY2016 (CZ, LT, LU, FI, HR, HU, PL and SI).

- The average YFP per hectare ranges from about 20 EUR/ha (in UK-Wales, BG, EE, MT and RO) to more than 80 EUR/ha (BE, DK, CY, EL and IT).
- Between CY2015 and CY2016, the average YFP per hectare increased mainly in IT and AT, whereas it decreased in UK-Northern Ireland, PL and SI.

- The YFP can be granted up to a certain limit in hectares set by Member States (between 25 hectares and 90 hectares)¹⁵.
- Graph 6.4 shows that in most Member States, the area limit has been set at 90 hectares.
- In some Member States (FR, SK, UK-Wales and EE), the area limit has been set at a level below 90 hectares (and below the average farm size of young farmers in these Member States).

Graph 6.4 - Average determined BPS/SAPS area of young farmers and the YFP area limit



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

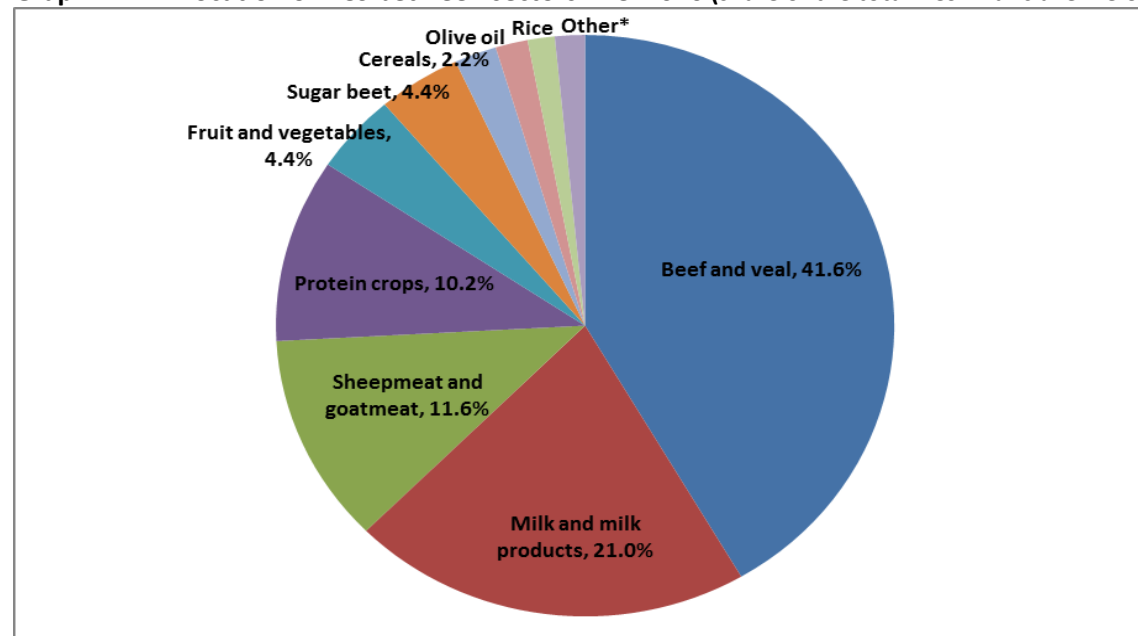
¹⁵ LU is the only Member State who decided to grant a lump-sum payment to young farmers based on Article 50(10) of Regulation No 1307/2013. The "area limit" does not apply.

VII. THE VOLUNTARY COUPLED SUPPORT

- Member States may use up to a certain percentage of their annual national ceiling for direct payments to finance the **Voluntary coupled support (VCS)**¹⁶.
- The support may only be granted to a **list of sectors** or **regions** where specific types of farming or specific agricultural sectors that are particularly important for economic, social or environmental reasons undergo certain **difficulties**. Furthermore, it may only be granted in compliance with the "**production limiting**" character of the support.
- In CY2016, twenty-seven Member States applied VCS for about 10% of the total direct payments envelope¹⁷.
- The main supported sectors are beef and veal, milk and milk products and sheep and goat meat, respectively.

- From the EUR 4.15 billion available for the VCS for CY2016, VCS payments amounted to **EUR 3.93 billion**¹⁸, representing an execution rate of **95%**.
- As regards the total VCS allocations in CY2016 (see graph 7.1):
 - **41.6%** is targeted to the beef and veal sector (support granted in 24 Member States under 55 measures for approximately 16.3 million animals).
 - **21.0%** to the milk and dairy sector (support granted in 19 Member States under 31 measures for approximately 8.9 million animals).
 - **11.6%** to sheep and goat meat sector (support granted in 22 Member States under 40 measures for approximately 37.6 million animals).
 - **10.2%** to protein crops (support granted in 16 Member States under 24 measures for approximately 4 million hectares).
 - Less than **15%** of the total VCS envelope is allocated to the remaining 17 sectors (out of which dried fodder, short rotation coppice and cane and chicory were not granted any support by Member States).
- Compared to CY2015, the % of VCS allocations between the different sectors remained relatively stable.

Graph 7.1 – Allocation of VCS between sectors in CY2016 (share of the total VCS financial envelope)



Data source: Member States' notifications in CATS.

(*) "Other" includes: grain legumes, starch potato, nuts, seeds, hops, hemp, oilseeds, silkworms, flax, dried fodder, short rotation coppice, cane and chicory.

¹⁶ For more information on the VCS: https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/income-support/direct-payments_en

¹⁷ DE does not apply VCS.

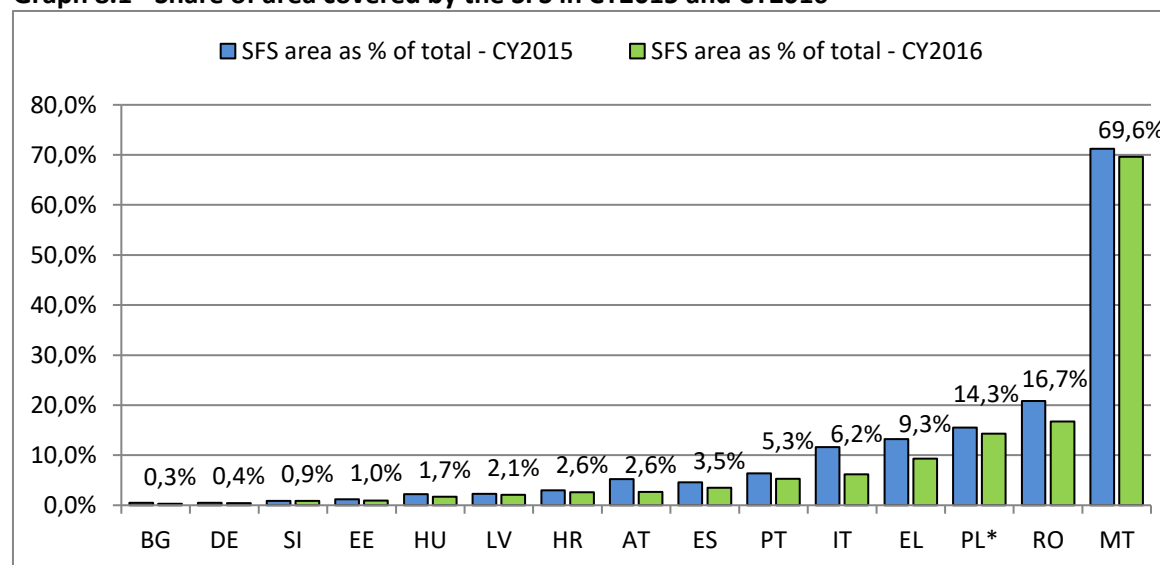
¹⁸ Only includes those payments that were declared to the Commission by the end of financial year 2017.

VIII. THE SMALL FARMERS SCHEME

- The **Small farmers scheme (SFS)** is a **simplified scheme** replacing all other direct payments that a farmer could be entitled.
- The scheme is **optional** for Member States and is applied in fifteen Member States: BG, DE, EE, EL, ES, HR, IT, LV, HU, MT, AT, PL, PT, RO and SI.
- It includes simplified administrative procedures for farmers: participating farmers are exempted from greening obligations and cross-compliance penalties¹⁹.
- The Member States can choose between different **methods of calculation** of the annual payment that is granted to the farmers participating in the SFS (either as a lump-sum per holding, or as an amount due taking into account what a farmer could receive outside the SFS either in CY2015 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).

- In CY2016, in the fifteen Member States applying the scheme, the total number of participants in the SFS (around **2.3 million** applicants) represented around **41%** of the total BPS/SAPS (incl. SFS) applicants in these countries. However, as the size of the SFS holdings is rather small (2.5 hectares on average in these Member States), the share of the SFS area determined in the total area determined under decoupled direct payments is rather limited (6.2 % or 5.6 million hectares).
- In CY2016, the area determined covered by the SFS ranges from 0.3% in BG to 69.6% of total DP area in MT (see [graph 8.1](#)).

Graph 8.1 - Share of area covered by the SFS in CY2015 and CY2016



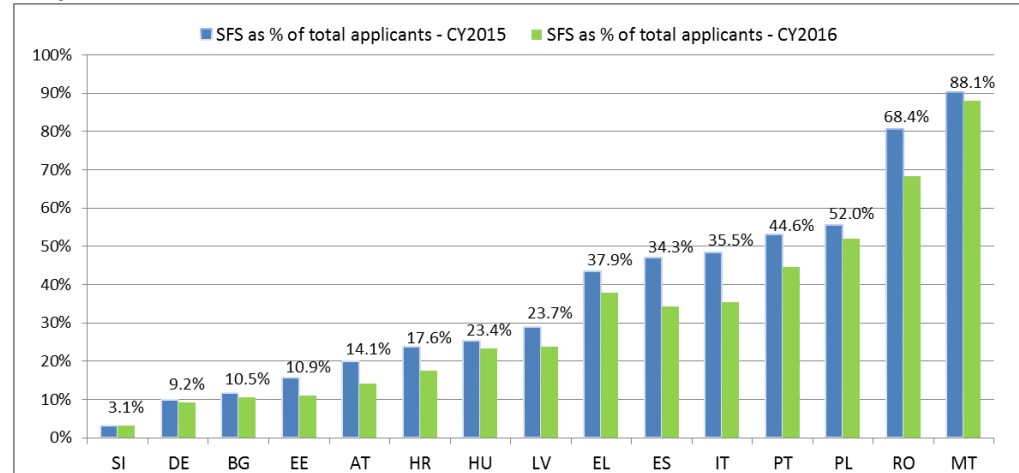
Data source: Member States' notifications in CATS/Agriview. (*) For PL: data from ISAMM notification for CY2015: it is assumed that the total number of farmers under SFS in CY2015 is equal to the farmers automatically included and remaining under the scheme. The % refers to data for CY2016.

¹⁹ For more information on the SFS: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/small-farmers-scheme_en.pdf

- In CY2016, the SFS applicants represent between 3% (SI) and 88% (MT) of the total DP applicants (see [graph 8.2](#)).
- Between CY2015 and CY2016, there is a significant drop in the number of SFS applicants (-21%). The main reason for this decrease is due to the fact that beneficiaries could receive higher payments outside the SFS (limited to a maximum amount of EUR 1 250 or lower, if fixed by the Member State), and/or could not respect the special conditions set in the Regulation (EU) N° 1307/2013 under the SFS (i.e. keeping at least a number of eligible hectares corresponding to the number of PEs activated in CY2015).

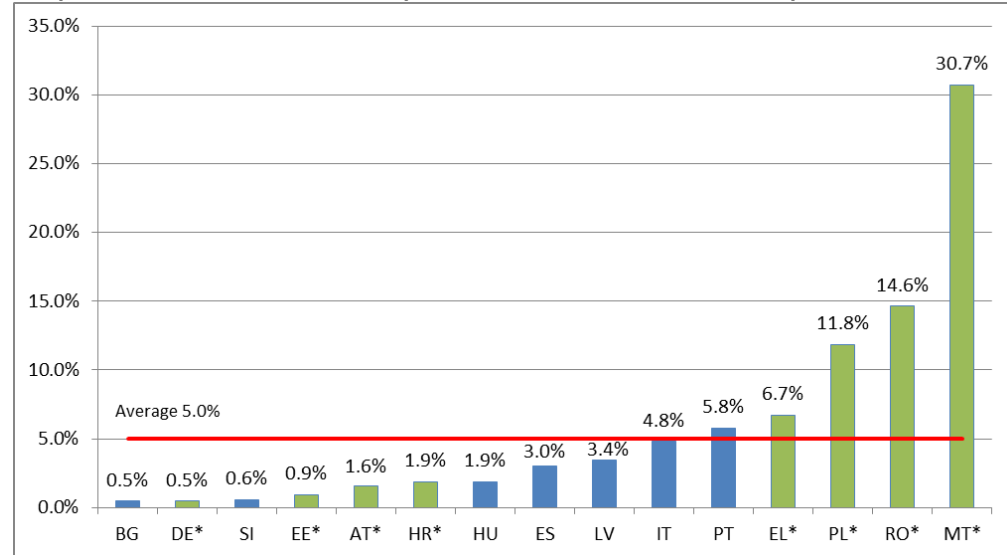
- The total expenditure for the SFS in CY2016 is equal to **EUR 1 221 billion** (EUR 1 330 billion in CY2015) representing **5%** of the total expenditure for direct payments in the Member States applying the scheme.
- **MT** has the highest share of direct payment' expenditures for the SFS (30.7%), followed by **RO** (14.6%) and **PL** (11.8%). In **BG, DE, SI and EE**, the total expenditure under the SFS represents less than 1% of their direct payment' expenditure.
- Due to the method chosen for calculating the SFS support, **BG, ES, IT, LV, HU, PT and SI** do not grant more than a maximum of 10% of their annual direct payment' envelope to finance the SFS. In these Member States, the 10% maximum was significantly higher than the actual financing needs for the SFS (see [graph 8.3](#)).

Graph 8.2 - Share of farmers under the SFS in CY2015 and CY2016



Data source: Member States' notifications in CATS/Agrivew. PL: data from ISAMM notification in CY2015. The % refers to data for CY2016.

Graph 8.3 - Share of the total expenditure for SFS in the total expenditure for DP



Data source: Member States' notifications in AGREX for the financial year 2017. (*) The limit of 10% of the annual national ceiling for DP does not apply (green bars).