



## Direct Payments

# The Young Farmer Payment under Pillar I of the Common Agricultural Policy

*This fiche presents the Young Farmer Payment under Regulation (EU) 1307/2013 and the different policy choices that Member States have made in implementing this scheme. It reflects the content of the notifications available to the Commission services to date. It is made available without prejudice to any finding in respect of their compliance with the regulatory framework. It is provided on the understanding that in the event of a dispute involving Union law it is, under the Treaty on the Functioning of the European Union, ultimately for the European Court of Justice to provide a definitive interpretation of the applicable Union law.*

**May 2016**

### **1. LEGAL FRAMEWORK AND POLICY CHOICES TO BE MADE**

The **Young Farmer Payment** (YFP) is a compulsory scheme for Member States to implement. It 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 for the scheme.

In countries implementing the Basic Payment Scheme, young farmers also benefit from a **priority access to the national or regional reserve**<sup>1</sup>. This is important for young farmers who do not have payment entitlements or have less payment entitlements than hectares. It is mandatory for Member States to keep this priority access to the reserve for young farmers (and new entrants).

The **entry eligibility conditions** for the young farmer top-up payment and for the access to the reserve under the young farmer category are identical: Article 50 of Regulation (EU) 1307/2013 sets out the general rules for natural persons, namely

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<sup>1</sup> See point 2.2 of the information note on the Basic Payment Scheme at: [https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key\\_policies/documents/basic-payment-scheme\\_en.pdf](https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/basic-payment-scheme_en.pdf)

setting up for the first time an agricultural holding as head of the holding and are no more than 40 years of age in the year of their first application. Member States may introduce additional eligibility criteria related to appropriate skills and training.

Article 49(1)(b) of Regulation (EU) 639/2014 stipulates the conditions for a **legal person** to be granted the YFP. The legal person should be entitled to a payment under the Basic Payment Scheme or the Single Area Payment Scheme (BPS/SAPS) and a young farmer (YF) should exercise effective and long-term control over the legal person in terms of decisions related to management, benefits and financial risks. The provisions for effective and long-term control apply in cases of sole control of YF over the legal person and also in cases the legal person is jointly controlled by YF and farmers who do not meet the YF provisions (non-young farmer).

The top-up payment is granted for a period of **maximum five years** (linked to the setting up and the first application for the scheme).

Member States had to make a number of **policy choices in implementing the YFP** and to notify these to the Commission, in particular:

- The *method for calculating* the payment for young farmers. Article 50(6) to (8) and Article 50(10) of Regulation 1307/2013 provide for several calculation methods of the payment for young farmers.
- Where the method decided is one of those provided in Article 50(6) to (8), for the purposes of calculating the payment per farmer Member States shall set a *single maximum limit* applicable to the number of payment entitlements activated by the farmer or to the number of eligible hectares declared by the farmer.
- Article 50(3) of Regulation 1307/2013 provides that Member States may define *further objective and non-discriminatory eligibility criteria* regarding appropriate skills and/or training requirements to be met by farmer when submitting his first application for the payment for young farmers.
- Where a Member State has decided to define such criteria, then pursuant to Article 49(1)(c) of Regulation 639/2014, it may decide that in case of a legal person such criteria shall be met by all young farmers exercising effective and long term control over the legal person.

Member States have to also notify the **percentage of the national ceiling** to be used to finance the YFP (up to 2 % of the direct payments' envelope); this can be revised by 1 August of each year with application from the following year.

Finally, with the recent simplification of the YFP provisions, as from 2016, Member States are provided with the choice of allowing joint control of young/non-young farmers over legal bodies applying under the YFP **or limiting access to those legal bodies controlled solely by young farmers**. 'Sole' refers to exercising control and does not preclude persons who do not meet the young farmer conditions from being partners in a legal body applying for YFP. In this context, Member States shall notify to the Commission:

- Any decision to require that young farmer(s) exercise effective and long-term control over legal bodies or groups of natural persons in receipt of the young farmer payment **solely**.
- If a Member State decides that to receive the young farmer payment young farmer(s) shall solely exercise effective and long-term control over the legal bodies, it shall also decide whether or not to require that, in order to keep eligibility to the young farmer payment, also those legal persons or groups of natural persons, which received the payment in 2015 and/or 2016 while the control was exercised jointly together with farmers who are not young farmers, be in sole control.

## **2. NOTIFICATIONS OF THE POLICY CHOICES RELATED TO THE IMPLEMENTATION OF THE YOUNG FARMER PAYMENT**

Based on the notifications as they stand after the August 2015 revision (i.e. assuming no further amendments), Member States have estimated that a total of **2.6 billion Euro** will be spent to grant the YFP under pillar 1 in the EU in the period 2015-2019. Accordingly, in 2016 the needs for the YFP have been estimated at **1.23% of total DP** (in comparison to 1.33% in 2015) for the EU as a whole, or around **513 million Euro**. These amounts are not necessarily the maximum amounts that will be paid at the end. In fact, in case the estimated amount is insufficient but still below 2% of the national ceiling, Member States must satisfy all claims up to the maximum 2%.

Figure 1 in Annex I gives further details on the shares of their respective national envelopes that the various Member States have estimated for the YFP:

- 7 Member States notified the maximum 2% of their national ceiling as estimated financial needs for the YFP for 2016 (HR, IE, EL, ES, NL, AT, PT),
- 12 Member States notified between 1 and 2% (BE, DE, FR, IT, LV, LT, LU, PL, SI, FI, SE, UK),
- and 9 Member States notified less than 1% (BG, CZ, DK, EE, CY, HU, MT, RO, SK).

As regards the revisions of the estimates between 2015 and 2016:

- 12 Member States revised the estimated percentage for YF between 2015 and 2016 (CY, DK, HU, SE, SI, UK, BE, BG, LT, LV, RO, SK),
- the revisions have been mostly downwards, with the exception of HU, LV and SI that increased the estimated financial needs for YFP,
- some MS notified revisions for each year in the period 2016-2020, others only reviewed 2016.

With regard to the **method for calculating the YFP** and the **maximum limit on payment entitlements activated or number of hectares**, Figure 2 and Table 1 in the Annex summarise the options for calculating the YFP and Member States choices.

- 14 Member States and 3 regions opted for 25% of the average Direct Payments per ha (BE-F, BE-W, DK, IE, FR, CY, LT, LV, HU, NL, AT, PL, SI, SK, FI, SE, UK-Northern Ireland),
- 1 Member State opted for a lump-sum payment (LU) and
- 11 Member States and 3 regions chose to calculate it as 25% level based on basic payment (BPS flat-rate in DE, HR, PT, UK-Wales, SAPS rate in BG, CZ, EE, RO, or average value of entitlements held in EL, ES, IT, MT UK-England and UK-Scotland).
- 15 Member States and 5 regions place the **limit of payment entitlements** or number of hectares at the maximum possible of 90 PE/ha (BE-W, BE-F, CZ, DE, DK, ES, IT, CY, LT, LV, HU, MT, NL, PT, SI, FI, SE, UK-England, UK-Scotland, UK-Northern Ireland),
- while 2 Member States and 1 region chose to place it at the minimum allowed of 25 PE/ha (EL, HR and UK-Wales); the rest placed the limit between 25 and 90.

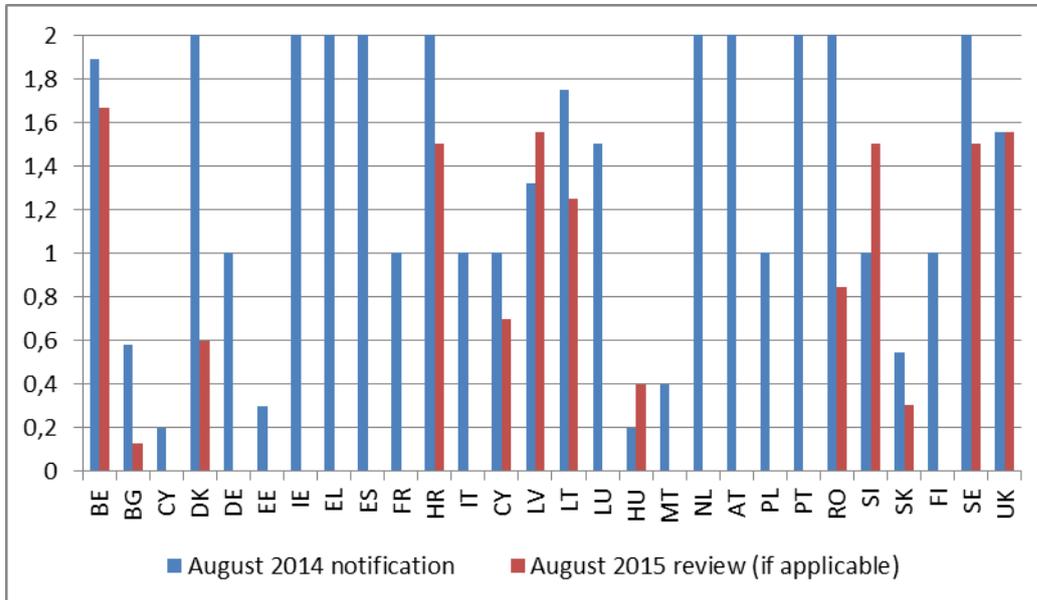
The majority of countries chose not to implement any **additional eligibility criteria** with regard to appropriate skills and training. Only 8 Member States and 3 regions added such criteria (BE-F, BE-W, BG, IE, ES, FR, HR, AT, PT, SK and UK-Northern Ireland). Of these, BE-W, ES, FR, PT and SK implement both the criteria related to skills and the criteria related to training, mostly as alternatives. In addition, IE, ES, HR, SK and UK-NI apply the additional eligibility criteria to all young farmers in control over a legal person applying for YFP.

### **3. FUTURE ANALYSIS**

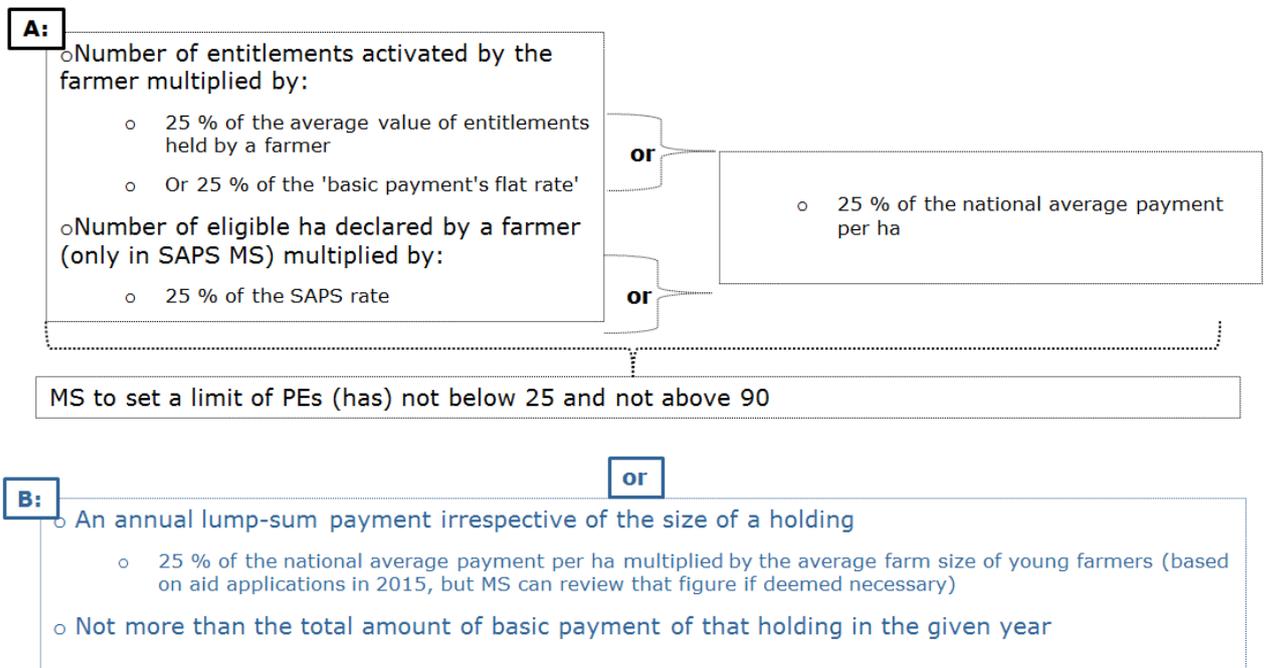
2015 was the first year of implementation of the Young Farmer Payment. First data on the uptake of the instrument will be available over the summer and autumn of 2016. Subsequent analysis of the outreach of the YFP will look at the results and will attempt to assess the extent to which different national implementation choices have influenced the final outcome of the YFP in terms of e.g. number of young farmers eligible for YF top-up and under the reserve, area declared by these young farmers, as well as unit value of the YF top-up.

## Annex

**Figure 1. Percentage of the national ceiling allocated to the financing of the YFP in 2016 – notification in August 2014 and review in August 2015 (if applicable)**



**Figure 2. Methods for calculating the YFP**



**Table 1. Policy choices with respect to the method for calculation of YFP and the maximum limit**

MS	Payment to farmer					
	Calculated as 25 % of the				and with the maximum limit of	As a lump sum amount per farm
	Average value of entitlements held by a farmer	"BPS flat rate"	Single area payment	National average payment per ha		
Belgium Flanders				Y	90 ha/entitlements	N
Belgium Wallonia				Y	90 ha/entitlements	N
Bulgaria			Y		30 ha/entitlements	N
Czech Republic			Y		90 ha/entitlements	N
Denmark				Y	90 ha/entitlements	N
Germany		Y			90 ha/entitlements	N
Estonia			Y		39 ha/entitlements	N
Ireland				Y	50 ha/entitlements	N
Greece	Y				25 ha/entitlements	N
Spain	Y				90 ha/entitlements	N
France				Y	34 ha/entitlements	N
Croatia		Y			25 ha/entitlements	N
Italy	Y				90 ha/entitlements	N
Cyprus				Y	90 ha/entitlements	N
Latvia				Y	90 ha/entitlements	N
Lithuania				Y	90 ha/entitlements	N
Luxembourg						Y
Hungary				Y	90 ha/entitlements	N
Malta	Y				90 ha/entitlements	N
Netherlands				Y	90 ha/entitlements	N
Austria				Y	40 ha/entitlements	N
Poland				Y	50 ha/entitlements	N
Portugal		Y			90 ha/entitlements	N
Romania			Y		60 ha/entitlements	N
Slovenia				Y	90 ha/entitlements	N
Slovakia				Y	28 ha/entitlements	N
Finland				Y	90 ha/entitlements	N
Sweden				Y	90 ha/entitlements	N
United Kingdom England	Y				90 ha/entitlements	N
United Kingdom Northern Ireland				Y	90 ha/entitlements	N
United Kingdom Scotland	Y				90 ha/entitlements	N
United Kingdom Wales		Y			25 ha/entitlements	N