



## Direct aids schemes

In order to move towards a fairer and more targeted distribution of support, the architecture of direct payments has been changed. As from 2015, active EU farmers will have access to compulsory schemes applicable in all MS, and to voluntary schemes (depending on the choice of the MS). The new system will allow a clear and genuine **convergence of payments** not only between Member States, but also within Member States/regions ([internal convergence](#) – different options for MS). It will also ensure the **provision of environmental public goods**.

In order to iron out a number of legal loopholes which have enabled a limited number of companies, whose primary business activity is not agriculture, to claim direct payments, the reform tightens the rule on **active farmers**. A new negative list of professional business activities to which Member States will not grant direct payments, unless they can show that they have genuine farming activity, has been introduced. The active farmer clause does not apply to those receiving less than a certain amount of direct payments to be set by Member States but no higher than € 5000.

**In 2015, active farmers will have access to**

Compulsory Schemes (all MS)	Voluntary schemes (MS choice)
<ul style="list-style-type: none"> <li>- <a href="#">Basic payment</a> (or Single Area Payment)</li> <li>- Green payment</li> <li>- Young farmers scheme</li> </ul>	<ul style="list-style-type: none"> <li>- Redistributive payment</li> <li>- Support in areas with natural constraints</li> <li>- Coupled support</li> </ul>

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<sup>1</sup> Cross-compliance: In order to receive direct payments and some other forms of support, farmers are required to respect certain rules. This requirement is known as cross-compliance. These rules concern food safety, animal health, plant health, the climate, the environment, the protection of water resources, animal welfare and the condition on which farmland is maintained. There are two components of these rules: statutory management requirements and good agricultural and environmental conditions. If a farmer is found not to respect these rules, his or her direct payments may be reduced.

<sup>1</sup> Farm advisory system that each Member State has to set-up to advise farmers at least on greening, cross compliance, water policy, sustainable use of pesticides, as well as certain rural development measures.



**All payments subject to cross compliance<sup>1</sup>**  
**All farmers will have access to the Farm Advisory System<sup>2</sup>**

**OR**

**A simplified [scheme for small farmers](#) (voluntary for MS)**

### The compulsory schemes

- **The Basic Payment:** Member States will dedicate the share of their direct payments national envelope that they have not allocated to the other schemes - this could reach close to 70% - to the establishment of payment entitlements under the new **Basic Payment Scheme (BPS)**. For the Member States that currently use the **Single Area Payment Scheme (SAPS)**, the possibility to keep using this simpler flat rate scheme instead of the new BPS has been conferred until 2020 at the latest. This latter possibility is combined with the option for the concerned Member States to keep granting decreasing amounts of transitional national aids to those sectors already supported in 2013. In some MS (BG, EL, ES,PT) the crop specific payment for cotton is compulsory; the obligation derives from 1979 Act of Accession of Greece.
- **The Green payment:** In addition to the BPS/SAPS, each holding will receive a payment per hectare for respecting certain agricultural

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practices beneficial for the climate and the environment (30% of the national envelope). This is compulsory and failure to respect the Greening requirements will result in penalties (i.e. a farmer could lose all his Greening payment and, as from 2017 be also applied a penalty of up to 20% (2017) or 25% (2018 and onwards) of the amount he claimed for Greening).

The 3 basic measures foreseen are maintaining **permanent grassland, crop diversification** and **maintaining an "ecological focus area" of at least 5% of the arable area of the holding** for farms with an area larger than 15 hectares. The accord foresees a "**Greening equivalency**" system for the recognition of environmentally beneficial practices already in place.

- **The Young Farmers scheme:** In order to encourage generational renewal, the Basic Payment (BPS/SAPS) awarded to new entrant Young Farmers (those under 40 and commencing their agricultural activity) should be topped up by an additional payment for a period of maximum 5 years (up to 2% of the national envelope).

### The voluntary schemes

- **Redistributive payment for the first hectares** whereby MS can take up to 30% of the national envelope and redistribute it to farmers on their first 30 hectares (or up to the average farm size if higher than 30 ha). This will have a significant redistributive effect.
- **Payment for Areas with Natural Constraints:** Member States (or regions) may grant an additional payment for areas with natural constraints (as defined under Rural Development rules) using up to 5% of the national envelope.
- **Voluntary coupled support:** Member States will have the option of providing limited amounts of "coupled" payments (between 8% and 13 % of the national envelope) to those sectors or those regions where specific types of farming or specific agricultural

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sectors undergo certain difficulties and are particularly important for economic and/or social and/or environmental reasons. The Commission has flexibility to approve a higher rate where justified. Besides, there is a possibility of providing an additional 2% "coupled" support for protein crops.

- [Small Farmer's scheme](#): In those Member States that will take this option, small farmers will have the possibility to decide to participate in a simplified scheme (the so-called **small farmer's scheme**) that will replace all the other schemes. This scheme will consist of a simplification of administrative procedures, of an exemption from greening and from cross-compliance sanctions and controls, and of an annual payment up to 1 250 € (calculation methods up to the MS).

**Financial Discipline:** It was agreed that any future Financial Discipline reduction in annual direct payments (i.e. when payment estimates are higher than the available budget for the Pillar I) should only apply on amounts of direct payments above €2 000.

**Reduction of payments:** Amounts of basic payment above EUR 150 000 will need to be reduced by at least 5%. Member states may decide to apply this reduction after having subtracted the salaries paid by the farmer from the amount of basic payment. Also, the Member States which will allocate at least 5% of their national envelope to the redistributive payment will not have to reduce payments.

**Flexibility between pillars:** Member States may decide to transfer up to 15% of their national envelope for direct payments to the second pillar or vice-versa. Member States with a level of aid per hectare below 90% may reach 25% of transfer from their 2nd pillar envelope to their direct payments envelope.

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