



**An Roinn Talmhaíochta,
Bia agus Mara**
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Basic Payment Scheme

Payment Entitlements Overview

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1. Introduction

The Common Agricultural Policy (CAP), first launched in 1962, provides collaboration between farmers and society; it supports farmers and helps ensure a safe and stable food supply, assists climate change, and helps maintain rural areas. Direct payments to farmers are a key element of CAP. These payments provide income support to help farmers produce food and maintain the countryside.

Ireland chose to adopt the payment entitlements model of providing direct payments to farmers, a mechanism which was specified in EU Regulation 1307 of 2013. Under this model farmers were allocated payment amounts initially based on land held and payment received in reference years; incrementally moving away from those values through Greening, internal convergence, transfers of payment entitlements, the Young Farmers Scheme and the National Reserve.

The EU is now on the brink of a new CAP programme and it is timely to look at how the Basic Payment Scheme entitlement system has worked in Ireland over the current programme.

This overview describes the direct payments approach in Ireland for the years 2015 to 2019. It will include information on direct payments ceilings, examine the population of farmers from 2005 to present. It also details the convergence model, the supports used for generational renewal, and other aspects.

As Ireland looks towards the new CAP programme, the information presented here may be useful in assessing the options within the incoming Regulations regarding direct payments to farmers.

2. Entitlements Position Prior to 2015

In 2005, the Single Payment Scheme (SPS) was introduced as a means to distribute payments to support farmers. Payment entitlements were established based on production levels during the period 2000 to 2002.

In 2015, reform of the Common Agricultural Policy (CAP) brought about the change from the Single Payment Scheme to the Basic Payment Scheme (BPS). Simplification was a guiding principle and provided a convergence model in order to gradually move all farmers towards (but not arriving at) a national average payment.

The Basic Payment Scheme acts as a key support to EU farmers and is granted on the condition that farmers adhere to strict rules on human and animal health and welfare, plant health, and the environment. It aims to provide basic income support to farmers and contribute to viable food production in the EU without distorting production decisions. The Basic Payment Scheme is designed to provide farmers with an income safety net; the amount of support received is not linked to the quantities produced.

Basic Payment Scheme entitlements are not attached to land, however, a farmer must declare one eligible hectare of land for each entitlement held.

2.1 Direct Payment Funding

The direct payment funding amount, or financial ceiling, plays a pivotal role in the allocation and establishment of entitlements.

2.1.1 External Convergence

A process known as external convergence was introduced under the 2013 CAP reform. External convergence sought to improve the performance of the CAP through the reduction in disparities of the level of direct payments between Member States to obtain a more balanced distribution of direct payments. The national ceiling for Member States where the average payment per hectare was below 90% of the EU average was gradually increased, while the national ceiling of those Member States above the EU average was adjusted downwards. Figure 1 details the changes in the distribution of average national payments per hectare by 2020.

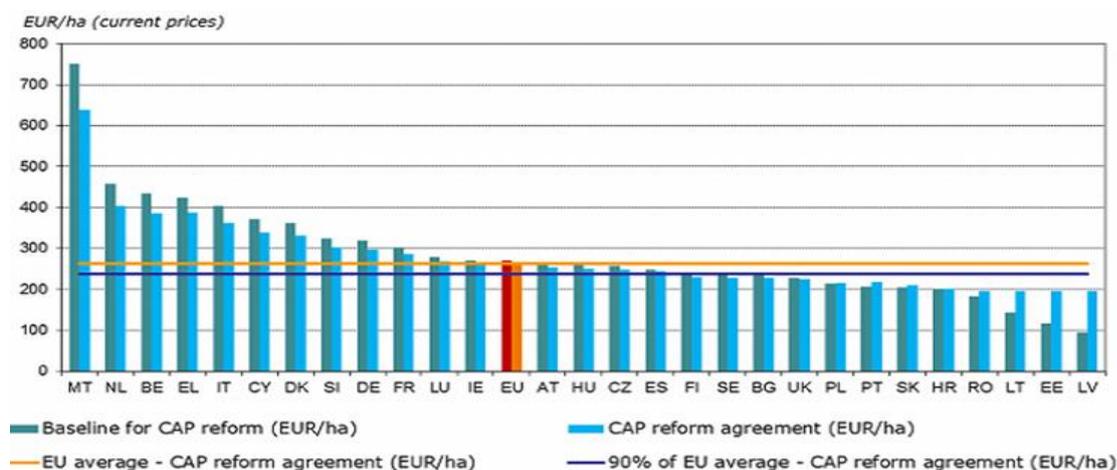


Figure 1: External Convergence between European Member States¹

2.1.2 National Ceiling

The national ceiling for Irish direct payments is detailed in EU Regulation 1307 of 2013. The national ceiling is then divided to fund various individual schemes as set out below. Once funds are provided to the various schemes the remaining funds are then allocated to the Basic Payment Scheme.

Changes over time in the national ceiling allocated to Ireland are illustrated in Table 1.

Year	Direct Payment Funding
2005	€1,260,142,000.00
2015	€1,215,003,000.00
2019	€1,211,066,000.00

Table 1: Direct Payment Funding in 2005, 2015 and 2019

After 2015, the national ceiling decreased slightly in each subsequent year of the scheme due to external convergence.

2.2 Irish Basic Payment Scheme Funding

In Ireland the national ceiling provided funding for four schemes; Basic Payment Scheme, Greening, Young Farmers Scheme (YFS) and Voluntary Coupled Support (VCS).

¹ https://ec.europa.eu/agriculture/sites/agriculture/files/policy-perspectives/policy-briefs/05_en.pdf

Until 2014, payments made to a farmer under the Single Payment Scheme were based solely on the value of their entitlements. In 2015, the Basic Payment Scheme introduced a new Greening component which utilised 30% of the direct payment annual ceiling.

Under Greening a mandatory EU programme of obligatory greening measures was introduced. Actions required under Greening applied to all hectares a farmer held. Once a farmer complied with the requirements for a Greening payment, the payment value was calculated as 44% of the value of entitlements activated by a farmer under the Basic Payment Scheme on a yearly basis.

The Basic Payment Scheme is funded from the amount remaining once the funding for Greening (€364m), the Young Farmers Scheme (€24m) and Voluntary Coupled Support (€3m) is assigned. The National Reserve (NR) is then established via a 3.25% allocation from within the Basic Payment Scheme ceiling. Further details on the National Reserve are available in Section 6. Figure 2 outlines the breakdown of the direct payments funding from 2015 to 2019.

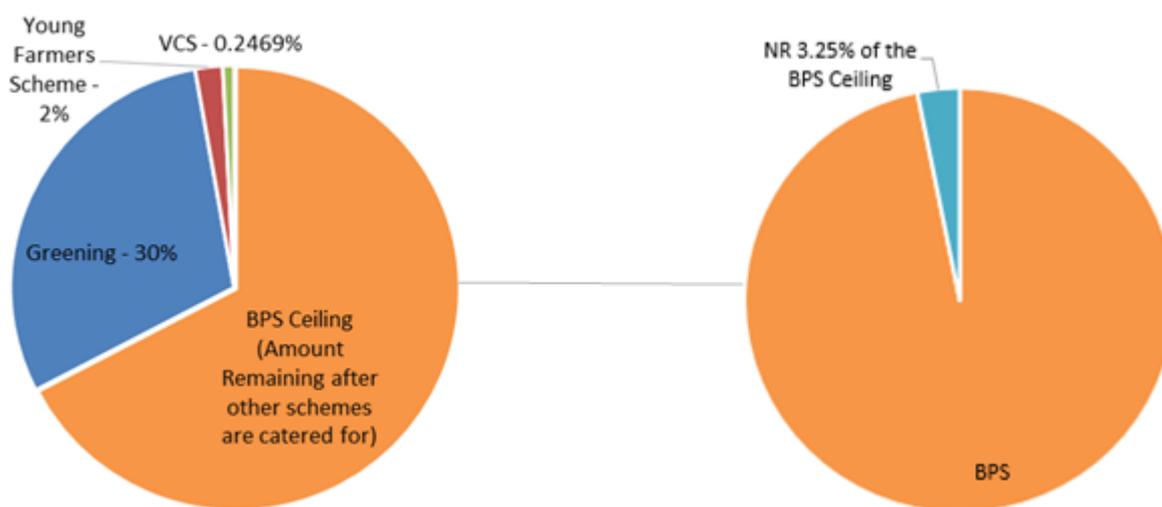


Figure 2: Direct Payments Funding 2015 to 2019

3. Entitlements Position Prior to 2015

Entitlements were introduced in 2005 under the Single Payment Scheme. They were allocated based on direct payments made to farmers during the reference years 2000 to 2002. Single Payment Scheme entitlements essentially maintained the same value until 2014.

As previously noted, the national ceiling available under the Single Payment Scheme was higher than under the Basic Payment Scheme. Entitlement values changed to reflect the ceiling reductions. The data in Table 2 shows the number of entitlements and average entitlement values in 2005, 2015 and 2019. The number of payment entitlements has increased from 2015 to 2019 due to allocations from the National Reserve; further details are available in Section 6.

Description	2005	2015	2019
Number of Entitlements	4.53m	4.43m	4.44m
Average Entitlement Value ²	€272	€269	€266

Table 2: Comparative of Number and Value of Entitlements 2005 to 2019. Amounts shown in 2015 and 2019 include Greening.

3.1 Review of Entitlement Holders

Not every farmer claims direct payments or has established entitlements. Only farmers holding entitlements were considered in the following review.

A review was undertaken of 131,312 farmers who established entitlements in 2005. This cohort of farmers was then tracked from 2005 through to the Basic Payment Scheme in 2019. Two groups were identified; those who continued to hold entitlements and those farmers no longer holding entitlements. In addition, farmers that obtained entitlements since 2005 were also identified. These were categorised as new farmers holding entitlements.

3.1.1 Continued Support

Of the original 131,312 farmers that established entitlements in 2005, 113,316 (86%) were still holding entitlements in 2015. The average farm size for this cohort was 33.6 hectares in 2015, with an average entitlement value held of €6,662 (excluding Greening). These farms

² Greening payment values included in 2015 and 2019

were predominantly small and medium enterprises (based on standard output) with an average standard output of approximately €25,000.

The majority of these farms were owned by individuals (89%) with an average age of 51 years in 2015. Figure 3 details the range of the ages of farmers who had received direct support in 2005 and continued to receive support in 2015.

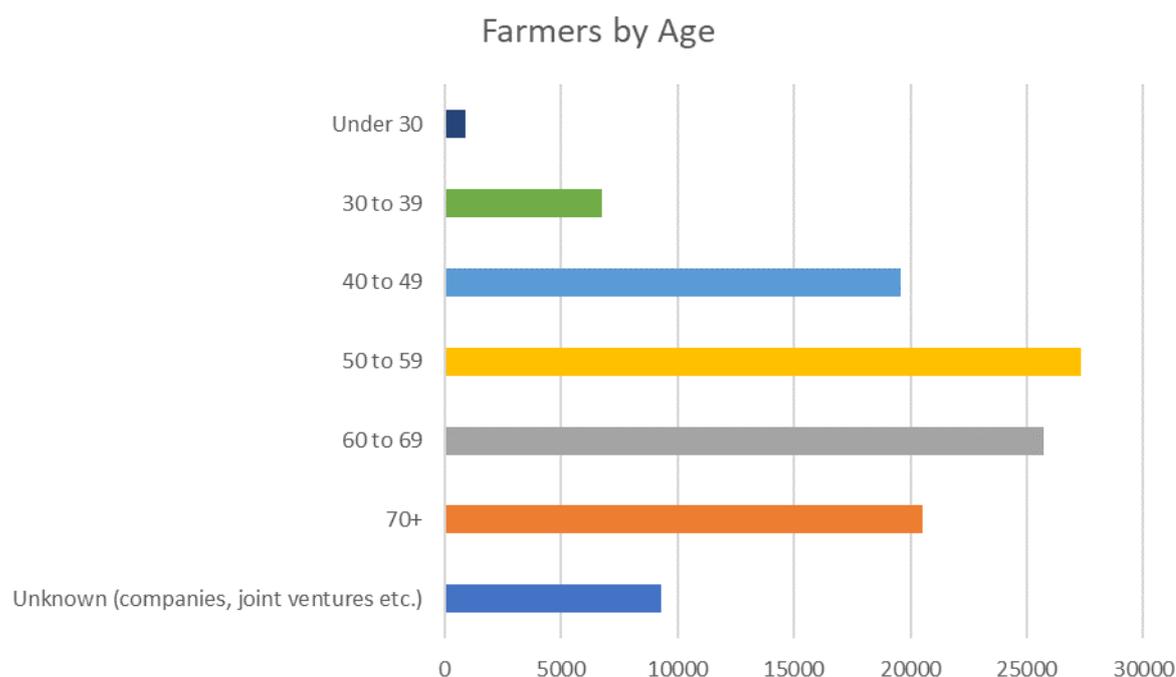


Figure 3: Age Range of 2005 Farmers Continuing to Receive Support in 2015

3.1.2 Farmers No Longer Holding Entitlements

While there have been a number of new farmers entering the sector and receiving direct payments over the period, there are also farmers who no longer hold entitlements. 17,916 farmers who established entitlements in 2005 did not hold entitlements in 2015. Furthermore, 9,031 farmers within the 2005 cohort who also participated in 2015 no longer held entitlements in 2019.

Variation in the makeup of farmers participating in the direct payment schemes over time is to be expected. Farmers may be deceased, will choose not to participate, may not meet Basic Payment Scheme entry requirements, or may have exited the sector.

3.1.3 New Farmers Holding Entitlements

There were 11,235 farmers holding entitlements in 2015 that were not participating in 2005. In 2015 these farmers held almost 300,000 entitlements with a total value of

approximately €50m. Total payments for this cohort (including Greening) were €71.9m in 2015.

There were also 2,248 farmers holding entitlements in 2019 that were not participating in 2005 or 2015. In 2019 these farmers held approximately 58,000 entitlements with a total entitlement value of €10.9m.

4. Factors Influencing Basic Payment Scheme Entitlements in 2015

The number of entitlements which were allocated to farmers in 2015 equalled the number of eligible hectares the farmer declared in 2013 or 2015, whichever was lower.

The monetary value of the entitlements held by each farmer in 2014 plus the value of any payments they received under the Grassland Sheep Scheme defined the 2014 reference value. A percentage of this reference value was then divided by the number of entitlements, resulting in the unit value of entitlements for each farmer.

A number of elements of the direct payment scheme target or allocate aid from the ceiling to particular groups. These elements are National Reserve, Young Farmer Scheme and Coupled Support. In 2015, an internal convergence model was also introduced as part of the CAP programme to enable the redistribution of funds between farmers.

In addition, the application of a maximum payment of €700 per hectare (including Greening) was applied in 2019; further details are available in Section 4.3. Capping of payments was introduced from 2015 to 2019, see Section 4.4.

Once entitlements were definitively established, Greening was calculated at 44% of the entitlement value.

4.1 Convergence

Convergence is a mandatory provision in the CAP programme from 2015 to 2019 to redistribute funds between farmers; those with higher value entitlements saw a reduction in payments while those with lower value entitlements saw an increase in payments. The model ensured that every farmer's entitlement had a unit value of at least €110 (excluding Greening) in 2019. Farmers with entitlement values above the national average of €184 (excluding Greening) saw a percentage reduction in their entitlement value.

Ireland's internal convergence model has increased the value of entitlements held by 60,646 farmers by €65m (excluding Greening) in total over the period 2015 to 2019. As Greening payment values are directly linked to entitlement values and there was strong compliance with Greening requirements, this meant the overall increase in payments for these farmers was €93m over that period. In effect this meant that 1.6% of the ceiling has been redistributed between farmers through convergence and its associated secondary effects in terms of Greening payment values over the period 2015-2019.

Convergence affected the majority of farmers. Farmers who contributed gave 2.03% of their entitlement value on average; this increased the entitlement value for those receiving by 13.54%, on average. Some farmers were more significantly impacted either positively or negatively by convergence.

Farmers were placed on one of three convergence paths which resulted in their individual entitlement values increasing, decreasing or remaining unchanged. The value of the funding available to Ireland was taken into consideration during the convergence calculations for each farmer and also in the scenarios shown below. Figure 4 shows the number of farmers on each of the convergence paths.

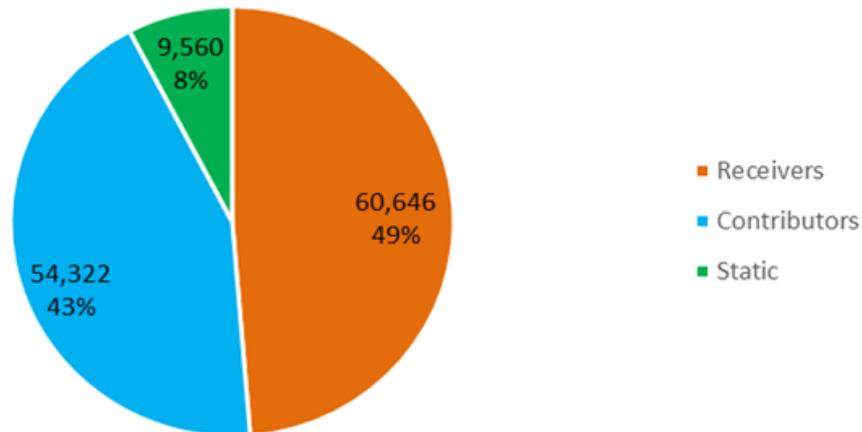


Figure 4: Convergence Summary Position 2015 to 2019

Figure 5 shows the percentage change to the average entitlement value on a per county basis as a result of convergence. In every county there are farmers that are contributing, receiving or are unchanged by convergence.

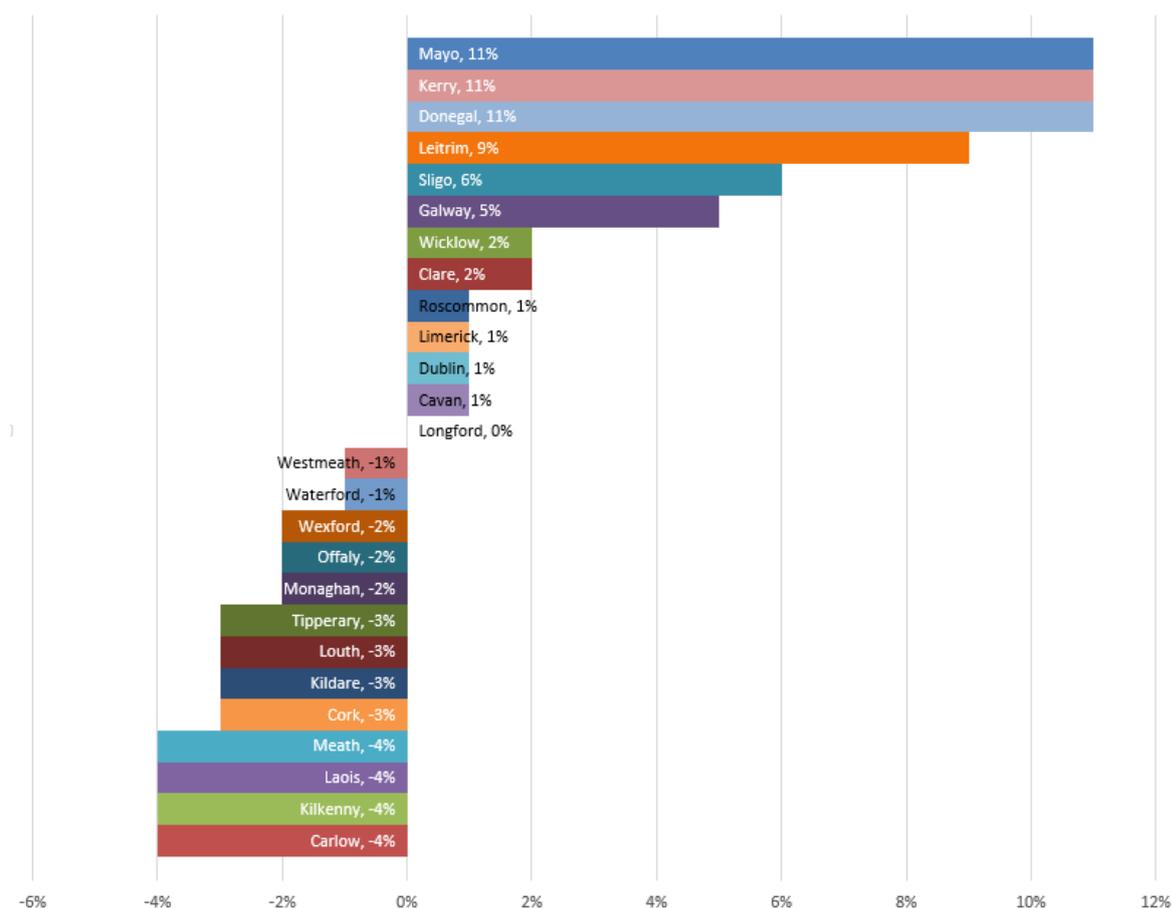


Figure 5: Percentage Change of Average Entitlement Value per County as a Result of Convergence 2015- 2019

4.1.1 Receiver Scenario (2015 to 2019)

Almost half of all eligible farmers (60,646) became receivers and had their entitlement values increased. In 2015, these farmers held entitlements with a value under 90% (€165) of the Basic Payment Scheme national average value (€184). Their initial unit value was increased by one third of the difference between their initial unit value in 2015 and 90% of the Basic Payment Scheme national average. This increase took place in five equal steps over the period 2015 to 2019.

EU Regulation 1307 of 2013 also made a provision to ensure that a farmer would not hold an entitlement value of less than 60% of the national average value for each entitlement in 2019 (€110). This meant that in some cases, a farmer's entitlement value may have increased by more than one third of the difference between their initial unit value and 90% of the national average. The figures above exclude Greening.

Scenarios A and B provide examples of receiving farmers, representative of different increasing entitlement values with an average size of farm. These examples also illustrate the overall effect of convergence combined with its secondary effect on Greening payments for affected farmers.

Scenario A: Farmer Receiving Under Convergence³**Reference Data**

2013	Eligible Land	32 hectares
2014	Eligible Value	€6,000
2015	Eligible Land	32 hectares

Impact of Convergence at Entitlement Level 2015 to 2019

Scheme Year	2015	2016	2017	2018	2019
Entitlement Value Before Convergence	€123.37	€126.17	€128.98	€131.79	€134.59
Convergence Change	€2.81	€2.81	€2.81	€2.81	€2.81
Entitlement Value after Convergence	€126.17	€128.98	€131.79	€134.59	€137.40

Impact of Convergence at Overall Payment Level 2015 to 2019

Scheme Year	2015	2016	2017	2018	2019
Total BPS Payment	€4,037.53	€4,127.36	€4,217.19	€4,307.03	€4,396.86
Greening Value	€1,776.74	€1,816.27	€1,855.80	€1,895.34	€1,934.87
Total Payment	€5,814.27	€5,943.63	€6,073.00	€6,202.36	€6,331.73

³ 65.79% of the total 2014 payment value was carried forward to 2015 to reflect the change to the direct payment funding available, i.e. €6,000 * 65.79%. A farmer complying with the Greening requirement could receive a further 44% of their entitlement value.

Scenario B: Farmer Receiving Significantly More Under Convergence⁴**Reference Data**

2013	Eligible Land	32 hectares
2014	Eligible Value	€4,000
2015	Eligible Land	32 hectares

Impact of Convergence at Entitlement Level 2015 to 2019

Scheme Year	2015	2016	2017	2018	2019
Entitlement Value Before Convergence	€82.24	€87.91	€93.59	€99.26	€104.93
Convergence Change	€5.67	€5.67	€5.67	€5.67	€5.67
Entitlement Value after Convergence	€87.91	€93.59	€99.26	€104.93	€110.60

Impact of Convergence at Overall Payment Level 2015 to 2019

Scheme Year	2015	2016	2017	2018	2019
Total BPS Payment	€2,813.28	€2,994.76	€3,176.24	€3,357.72	€3,539.20
Greening Value	€1,238.00	€1,317.86	€1,397.72	€1,477.59	€1,557.45
Total Payment	€4,051.28	€4,312.62	€4,573.96	€4,835.31	€5,096.65

⁴ 65.79% of the total 2014 payment value was carried forward to 2015 to reflect the change to the direct payment funding available, i.e. €4,000 * 65.79%. A farmer complying with the Greening requirement could receive a further 44% of their entitlement value.

4.1.2 Contributor Scenario (2015 to 2019)

54,322 entitlements holders with an entitlement unit value above the Basic Payment Scheme national average became contributors and had their entitlement value reduced.

The same reduction percentage was applied to all of these values. Therefore, entitlements with values slightly above the national average decreased marginally, whereas, entitlements significantly above the national average decreased by a larger amount.

The reduction was applied to the portion of the entitlement in excess of the national average and took place in each year of the scheme to provide a gradual change over time. The funds created as a result of this reduction were used to increase the entitlement values of those farmers who were below 90% of the Basic Payment Scheme national average.

Scenarios C and D overleaf provide examples of contributing farmers, with different decreasing entitlement values and an average size of farm. These examples also illustrate the overall effect of convergence combined with its secondary effect on Greening payments for affected farmers.

Scenario C: Farmer Contributing Under Convergence⁵**Reference Data**

2013	Eligible Land	32 hectares
2014	Eligible Value	€14,000
2015	Eligible Land	32 hectares

Impact of Convergence at Entitlement Level 2015 to 2019

Scheme Year	2015	2016	2017	2018	2019
Entitlement Value Before Convergence	€287.85	€280.38	€272.34	€264.28	€256.65
Convergence Change	-€7.47	-€8.05	-€8.06	-€7.63	-€6.90
Entitlement Value after Convergence	€280.38	€272.34	€264.28	€256.65	€249.74

Impact of Convergence at Overall Payment Level 2015 to 2019

Scheme Year	2015	2016	2017	2018	2019
Total BPS Payment	€8,972.22	€8,714.77	€8,456.83	€8,212.74	€7,991.81
Greening Value	€3,948.28	€3,834.99	€3,721.48	€3,614.07	€3,516.85
Total Payment	€12,920.50	€12,549.77	€12,178.32	€11,826.82	€11,508.65

⁵ 65.79% of the total 2014 payment value was carried forward to 2015 to reflect the change to the direct payment funding available, i.e. €14,000 * 65.79%. A farmer complying with the Greening requirement could receive a further 44% of their entitlement value.

Scenario D: Farmer Contributing Significantly More Under Convergence⁶**Reference Data**

2013	Eligible Land	32 hectares
2014	Eligible Value	€16,000
2015	Eligible Land	32 hectares

Impact of Convergence at Entitlement Level 2015 to 2019

Description	2015	2016	2017	2018	2019
Entitlement Value Before Convergence	€328.97	€318.54	€307.29	€296.03	€285.37
Convergence Change	-€10.44	-€11.24	-€11.26	-€10.66	-€9.65
Entitlement Value after Convergence	€318.54	€307.29	€296.03	€285.37	€275.73

Impact of Convergence at Overall Payment Level 2015 to 2019

Description	2015	2016	2017	2018	2019
Total BPS Payment	€10,193.15	€9,833.42	€9,473.02	€9,131.96	€8,823.25
Greening Value	€4,485.56	€4,327.26	€4,168.66	€4,018.58	€3,882.73
Total Payment	€14,678.71	€14,160.69	€13,641.68	€13,150.53	€12,705.98

⁶ 65.79% of the total 2014 payment value was carried forward to 2015 to reflect the change to the direct payment funding available, i.e. €16,000 * 65.79%. A farmer complying with the Greening requirement could receive a further 44% of their entitlement value.

4.1.3 Static Scenario (2015 to 2019)

9,560 farmers had entitlement values between 90% and 100% of the average. The unit value of these entitlements remained unchanged.

Scenario E provides an example of a static farmer, with unchanging entitlement values and an average size of farm. This example also illustrates that as there was no convergence effect Greening payments remained unchanged over the period for this category of farmer.

Scenario E: Farmer Not Impacted by Convergence⁷

Reference Data

2013	Eligible Land	32 hectares
2014	Eligible Value	€8,800
2015	Eligible Land	32 hectares

Impact of Convergence at Entitlement Level 2015 to 2019

Description	2015	2016	2017	2018	2019
Entitlement Value Before Convergence	€180.94	€180.94	€180.94	€180.94	€180.94
Convergence Change	€0.00	€0.00	€0.00	€0.00	€0.00
Entitlement Value after Convergence	€180.94	€180.94	€180.94	€180.94	€180.94

Impact of Convergence at Overall Payment Level 2015 to 2019

Description	2015	2016	2017	2018	2019
Total BPS Payment	€5,789.95	€5,789.95	€5,789.95	€5,789.95	€5,789.95
Greening Value	€2,547.91	€2,547.91	€2,547.91	€2,547.91	€2,547.91
Total Payment	€8,337.86	€8,337.86	€8,337.86	€8,337.86	€8,337.86

⁷ 65.79% of the total 2014 payment value was carried forward to 2015 to reflect the change to the direct payment funding available, i.e. €8,800 * 65.79%. A farmer complying with the Greening requirement could receive a further 44% of their entitlement value.

4.2 Converging Profiles

54,322 farmers held entitlement unit values above the national average (contributors), of these 25% were classified as large based on standard output, with a further 39% recorded as medium. The average size of farm for this cohort was almost 40 hectares, above the national average of approximately 32 hectares.

In contrast 58% of farms benefitting from convergence (receivers) are classified as small farms based on standard output i.e. those with a standard output of less than €8,000. The average size of farm for this cohort was almost 35 hectares, closer to national average of approximately 32 hectares. Mayo, Galway and Clare received the largest transfer of funds under the convergence method. Convergence paths on a per county basis in 2018 are shown in Figure 6.

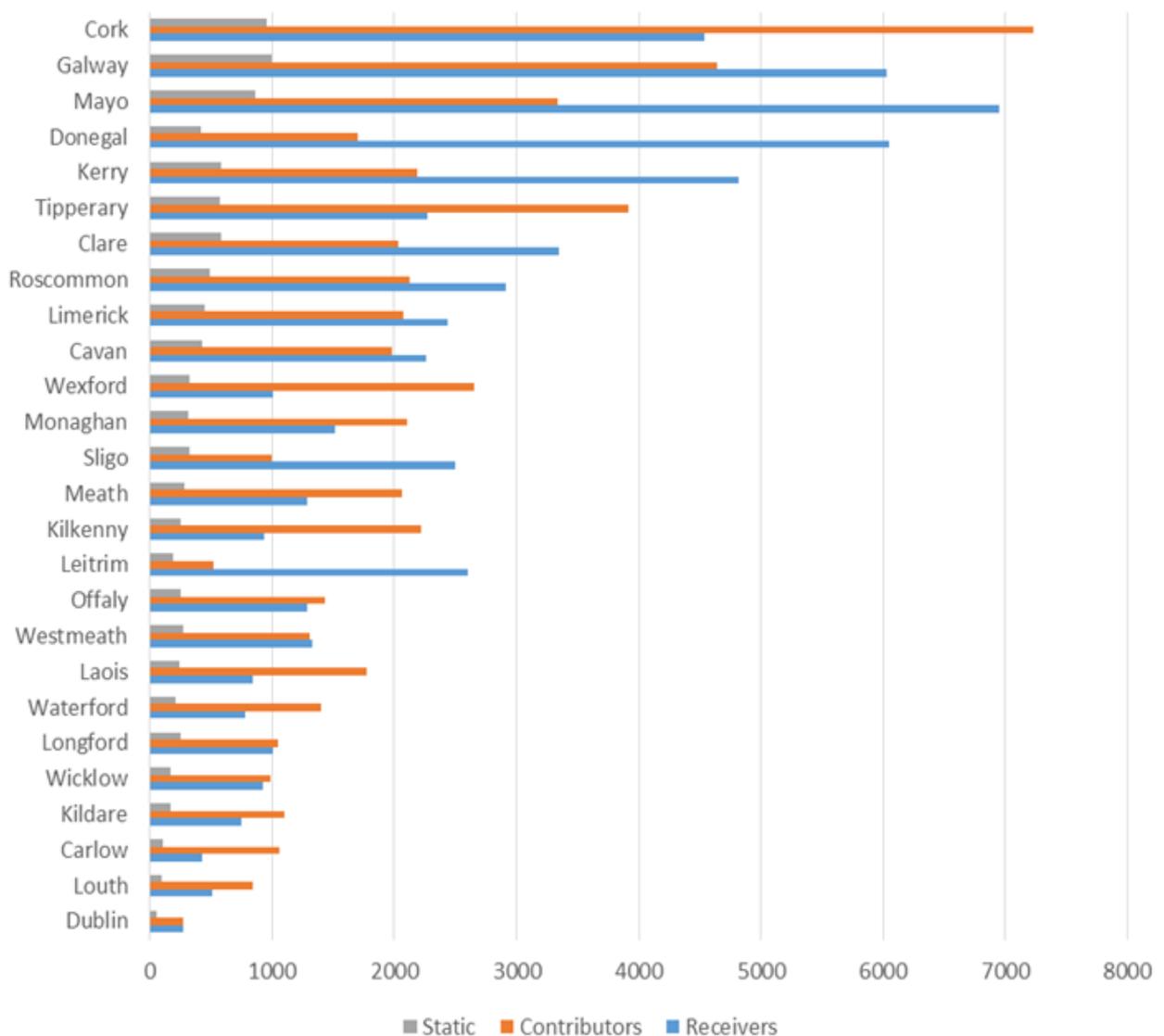


Figure 6: Convergence Paths Type on a per County Basis in 2018. Counties are ordered on the total numbers of farmers.

4.3 Maximum Unit Value

Ireland applied a maximum payment amount per hectare of €700 (Basic Payment Scheme and Greening) in 2019. This equates to a maximum entitlement unit value of €486 in 2019 (Greening accounts for the balance of the €700). In 2019, the product of the maximum unit value was €1,841,081. This money was used to off-set some of the cost of convergence in 2019. 721 farmers (0.5% of all farmers) were impacted by the maximum unit value in 2019, with farmers in all counties affected, as shown in Table 3.

County	Number	County	Number
Carlow	15	Longford	14
Cavan	18	Louth	18
Clare	12	Mayo	26
Cork	110	Meath	41
Donegal	42	Monaghan	31
Dublin	9	Offaly	23
Galway	35	Roscommon	18
Kerry	27	Sligo	7
Kildare	21	Tipperary	76
Kilkenny	34	Waterford	19
Laois	25	Westmeath	16
Leitrim	13	Wexford	32
Limerick	25	Wicklow	14

Table 3: Number of Farmers impacted by Maximum Unit Value in 2019

4.4 Capping of Payments

EU Regulation 1307 of 2013, made provision for a minimum 5% reduction to the amount of direct payments received by a farmer over €150,000 per annum excluding Greening. Ireland chose to cap all payments in excess of this amount.

This maximum payment value was applied in the years 2015 to 2019 and realised €351,000 in total over that period. The Regulations stipulated this amount be transferred to rural development measures.

5. Transfers of Entitlements

It has been possible for farmers to transfer entitlements since their introduction in 2005. Entitlements are a monetary asset and under the Basic Payment Scheme they can be transferred with or without land.

An increasing number of transfer of entitlements applications have been submitted in each of the years 2015 to 2018. For example, in 2018, 17,629 transfers were processed which saw €55m worth of entitlements move between 14% of farmers.

Transferring entitlements allows farmers to adapt to their individual needs on an annual basis by changing their entitlement position. Transferring entitlements may increase or decrease the number of entitlements held by a farmer, subsequently raising or lowering their payments and ultimately leading them further away from the historic reference points.

The methods for transferring entitlements are: Sale, Lease, Gift, Inheritance, Scission (dissolution of a partnership), Merger, Change of Legal Entity and Change of Denomination. Scission, Merger, Change of Legal Entity and Change of Denomination are combined and displayed as 'Other' in Figure 7.

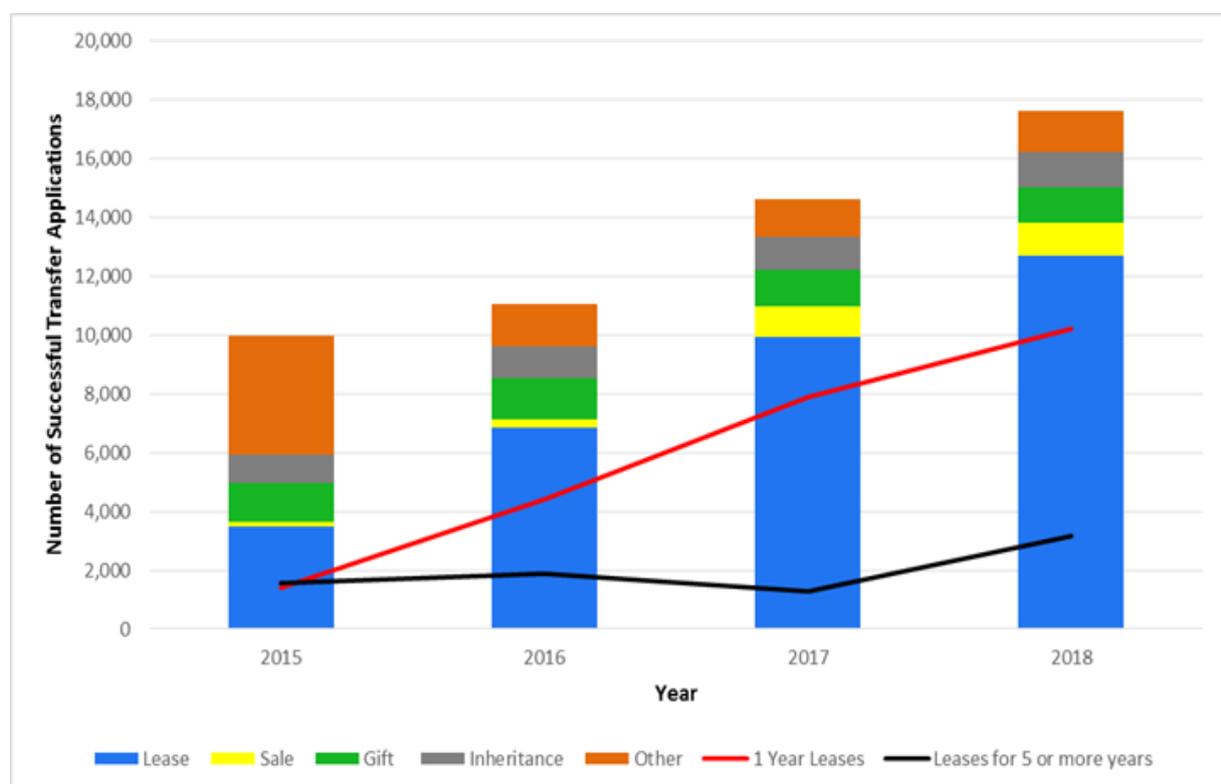


Figure 7: Number of Entitlement Transfer Applications Submitted from 2015 to 2018

The most common method of transfer is the leasing of entitlements which accounted for over 60% of transfers in 2018 and was availed of by approximately 8% of all farmers as outlined in Table 4.

Entitlements	Number of Farmers	% of Total Farmers	Average % of Entitlements Leased
Leased Out	5,906	4.2%	49.5%
Leased In	5,599	4.0%	68.4%

Table 4: Leasing of Entitlements 2018

Ireland is one of few EU Member States where the conacre system of short-term land leasing is common. Matching this, one-year leases of entitlements account for a significant number of transfers of entitlements in all years with the number increasing on an annual basis (see Figure 7).

Entitlements are a tradable asset but can only be transferred to farmers that meet the Active Farmer criteria as established in the EU Regulation 1307 of 2013, except in cases of gift or inheritance. A small number of farmers that qualified for an allocation of entitlements in 2015 subsequently leased out all of their entitlements under the Basic Payment Scheme. It should be noted that in some cases these may be farmers that are leasing entitlements to their own agricultural companies.

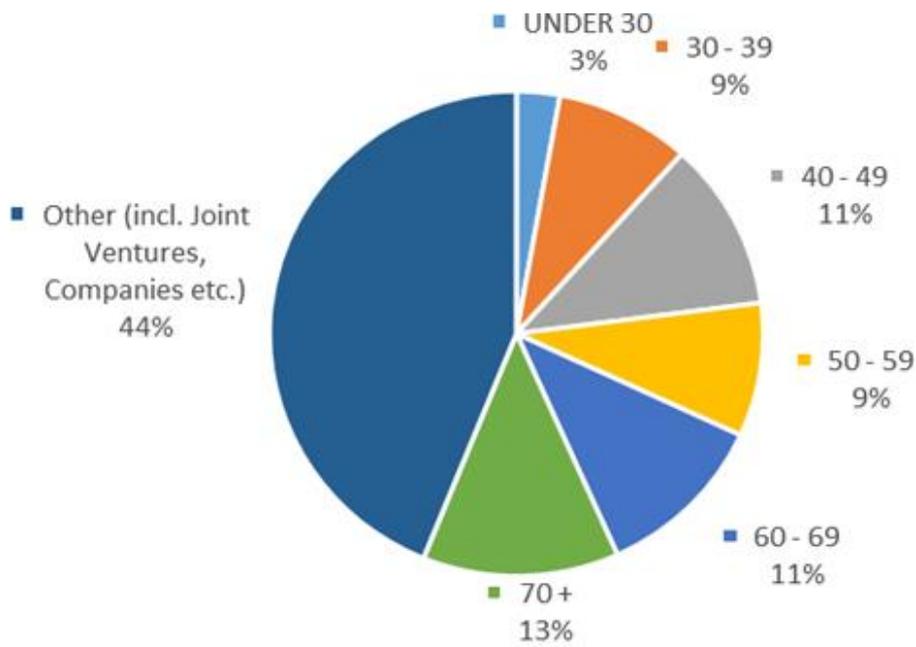
Table 5 details the number of leases in place in 2018 and their corresponding value, in situations where a farmer has leased out all of their entitlements.

Lease End Date	No. of Leases of All Entitlements Held	Value of Leased Entitlements
2019	541	€2,491,539
2020	824	€3,916,758
2021	571	€2,595,134
> 2021	1,026	€7,603,837
Total	2,962	€16,607,268

Table 5: Number of Leases Currently in Place with All Entitlements Leased to another Farmer (2018)

Approximately 2% of farmers have leased out all of their entitlements. The majority of these were individuals (57%), 13% were joint ventures, and 30% companies.

Figure 8 outlines the age ranges of farmers leasing out all of their entitlements. Ages are not available for joint ventures and companies (44%). Leasing out all entitlements to another farmer occurs in all counties, see Figure 9.



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Figure 8: Age Profile of Farmers with All Entitlements Leased Out in 2018

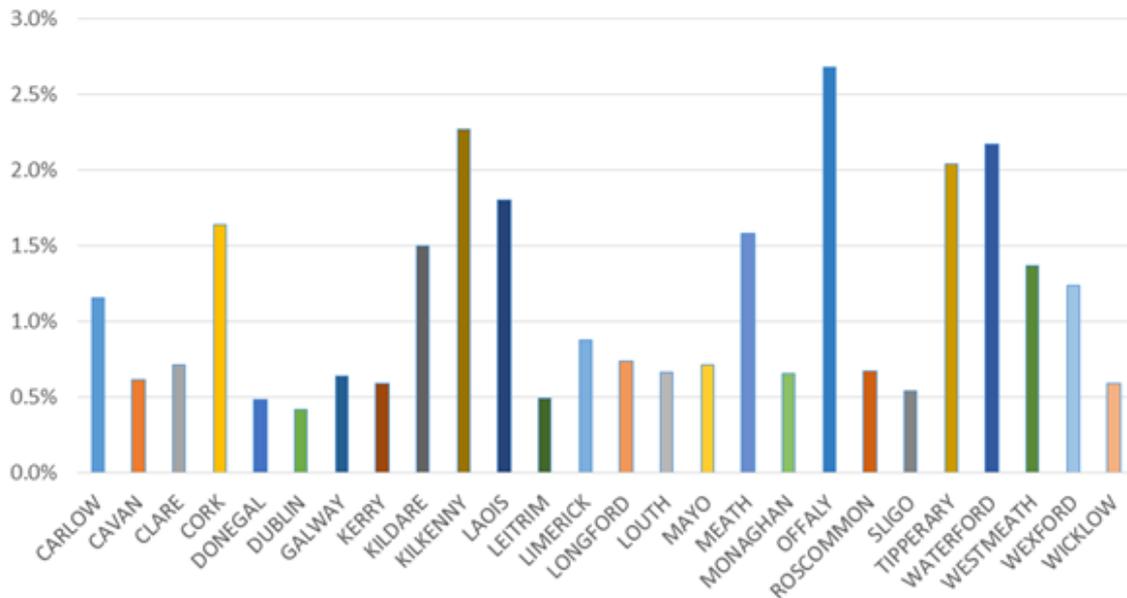


Figure 9: Percentage of Farmers with all entitlements leased out to another farmer in 2018 on a per county basis.

6. National Reserve and Young Farmers Scheme

Under the Basic Payment Scheme farmers can apply to the National Reserve for an allocation of entitlements or a top-up to their low value entitlements. Funding is also available under the Young Farmers Scheme where eligible farmers can receive a further additional payment. Targeted funding for these elements affects the amount remaining for further distribution.

6.1 National Reserve

Successful applicants under the National Reserve can receive support up to the national average unit value per entitlement in the form of an entitlement allocation or payment top-up.

Under the National Reserve priority access must be given to the two mandatory categories of young farmer and new entrant to farming. Since 2015, the National Reserve has provided over 7,700 farmers with a new allocation of entitlements, or a top-up to the value of their existing entitlements.

These allocations or top-ups are allocated on a permanent basis. For example, if a farmer is allocated entitlements from the National Reserve in 2015 worth €5,000. This allocation of entitlements is made in all Basic Payment Scheme years from 2015 to 2019, totalling €25,000 over those five years. In the years 2015 to 2018 the cumulative effect of allocations and top-ups from the National Reserve is approximately €134m.

6.2 Young Farmers Scheme

In addition to the National Reserve Ireland has also implemented a Young Farmers Scheme. The purpose of this scheme is to encourage the participation of young farmers in agriculture in the initial stages of establishing a farming enterprise in their own name.

The Young Farmers Scheme was established under the Basic Payment Scheme in 2015 to provide an additional payment to young farmers based on activated entitlements. Table 6 outlines the number of successful applicants per year and the gross payments made under the Young Farmers Scheme. Over €78m has been distributed to successful applicants under the Young Farmers Scheme in the years 2015 to 2018.

Year	Successful Applicants	Gross Payment	Average Payment
2015	8,187	€18,804,050.96	€2,296.82
2016	8,514	€19,531,949.93	€2,294.10
2017	8,592	€20,094,702.27	€2,338.77
2018	8,557	€20,345,381.23	€2,377.63

Table 6: Young Farmers Scheme Information

Successful applicants under the Young Farmers Scheme between 2015 and 2018 were primarily individuals, though the percentage of applications from joint ventures has increased during the period, see Figure 10.

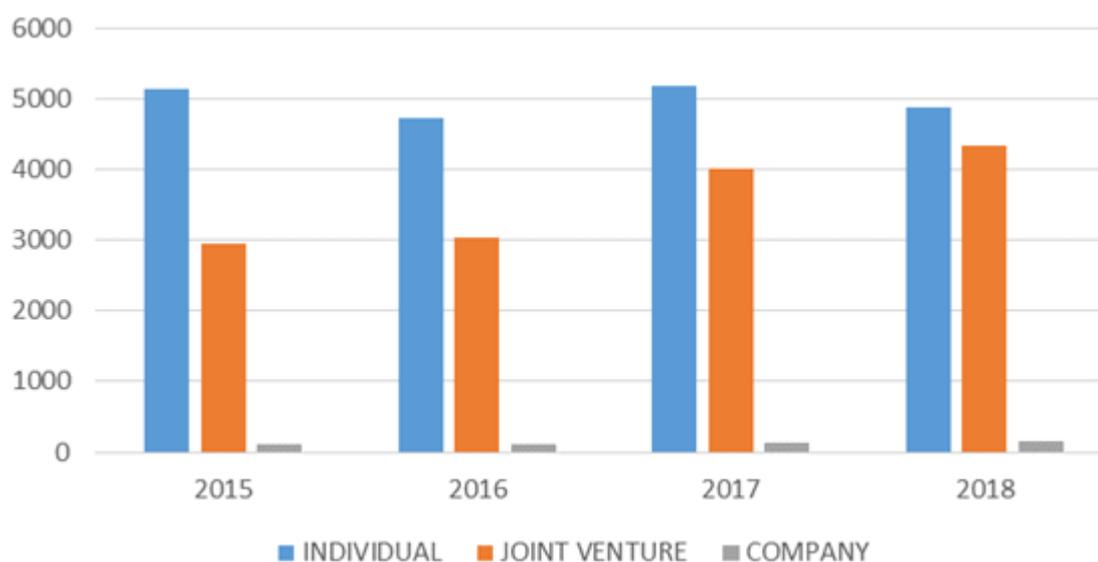


Figure 10: Young Farmer Scheme Successful Applicants by Status 2015 to 2018

The average farm size for successful Young Farmer Scheme applicants was 30.5 hectares in 2018, which is slightly below the national average. The average farm size for Young Farmer Scheme applicants in 2018 has decreased from 37.3 hectares in 2015.

7. Conclusion

The introduction of the Basic Payment Scheme and Greening will result in farmers receiving approximately €6 billion in direct payments funding over the period 2015 to 2019.

The amount of funding that any individual farmer obtained was initially based on historic payment amounts allocated in the years 2005 to 2014, which in turn was based on production amounts in the years 2000 to 2002. However, mechanisms such as convergence, Greening and transfers of payment entitlements have introduced new elements and have changed the basis for payments which has seen a gradual movement from this historic base.

The ability to transfer payment entitlements between farmers provides a useful way for farmers to gain flexibility in their farming operation. It facilitates farmers in adjusting their payment amount upwards and downwards in line with the land available to them to farm. It also facilitates the transfers of payments to farm partnerships and agricultural companies. The facility is increasing in popularity - in 2018, 14% of farmers used the facility.

The implementation of both minimum and maximum payment entitlement values and the capping of payments have also narrowed the band of entitlement values to closer to the national average. In 2019 all payment entitlements have a value in the range €110 to €486, excluding Greening.

A number of elements have targeted payments to certain participants. These affect the amount remaining for further distribution.

Convergence has seen the transfer of €93 million in funding (1.6% of total funding) between farmers with higher value entitlements to those with lower value entitlements over the period 2015-2019. Convergence affected the majority of farmers with slightly more farmers receiving than those contributing. This measure is progressive in nature and saw those with larger values contributing a higher amount than those nearer to the average.

Generational renewal is an important part of the current CAP programme. The Young Farmers Scheme and National Reserve have seen approximately €212m in value allocated to young farmers and new entrants to farming in the years 2015 to 2018.

The analysis of the farming population active in 2005, 2015 and 2018 contained in this overview shows how Ireland has a largely stable farming population with continuity amongst farmers over this period.