



# Income support: a beneficial boost for EU farmers



## POLICY INSIGHTS

More than 60% of the Common Agricultural Policy (CAP) budget is targeted to provide income support for EU farmers through a package of direct payment opportunities and funds for farms located in areas with natural or other specific constraints. Priorities for this substantial set of policy interventions centre on supporting the stability of EU food supplies and the resilience of rural areas.

A majority of the CAP budget has always been provided to European farmers through direct payments and this funding has evolved over the [policy's lifetime](#) to become known as [income support](#). Farmers face significant income challenges from climate and market uncertainties that Member States recognise in their national [CAP Strategic Plans](#) (CSPs). These all contain common policy intervention tools designed to support [viable farm income](#) using [direct payments](#) and assistance for [areas with natural or other specific constraints \(ANC\)](#).

Over EUR 185 billion of direct payments will be made available from the CAP's European Agricultural Guarantee Fund (EAGF) to boost farmer incomes during the [2023-2027 CAP programming period](#). No national funds from the CSP budgets are used for EAGF direct payments providing income support. In addition, nearly EUR 19 million of ANC payments have been programmed as income support from the European Agricultural Fund for Rural Development (EAFRD).

New features of the [CAP's income support within CSPs](#) are designed to help promote sustainable food systems through social, environmental and climate conditionality, while also enabling a fairer distribution of financing for farmers across the EU through targeting mechanisms. This complementary approach contributes to [high level EU objectives](#) by building on the [achievements of previous CAP direct payments](#). [Data dashboards](#) and other [figures for income support](#) provide [annual analyses](#) of expenditure, confirming related trends like the high proportion of farmer income that is derived from the EU's different direct CSP payment possibilities.

## Income support opportunities

Each EU country uses a coordinated and complementary package of policy interventions to implement income support through their national CSPs. The [CSP regulation](#) provides legal certainty for these seven income support interventions summarised below.

- > A [basic income support for sustainability \(BISS\)](#) intervention is available in every Member State. It uses [51% of CAP direct payments](#) to provide farmers with annual area-based payments that are not connected to production, but which require compliance with environmental and social standards. Farm eligibility for BISS serves as a benchmark precondition for accessing other forms of CSP income support.
- > The [complementary redistributive income support for sustainability \(CRISS\)](#) is a targeting tool to improve distribution of direct payments per hectare by providing a support covering up to 10 hectares. It offers an extra annual payment in addition to BISS to ensure redistribution of direct payments from larger to smaller or medium-sized holdings. The financial envelope allocated to the CRISS increased 2.5 times compared to a similar instrument under the previous CAP period.
- > [Coupled income support \(CIS\)](#) are payments directly linked (coupled) to certain types of production that are important for socio-economic or environmental reasons and encounter certain difficulties, including crops and livestock. The support is limited to minimise the risk of market or trade distortions. Around 2.1 million farmers (circa 20% of EU farms) are set to benefit from CIS during 2023-2027 and an emphasis includes safeguarding the supply of plant proteins.



- More targeting of direct payments can occur through the **complementary income support for young farmers** (CISYF). This is a voluntary policy tool that Member States can offer to help EU farmers under 40 years old with income support after they start-up as a farm business. Germany, France, Spain and Italy are among the CSPs with the highest CISYF allocations.
- Eco-schemes** are a new policy intervention for the CSPs that has been introduced to **incentivise agricultural practices beneficial to the environment, climate, and animal welfare**. All CSPs offer one or several eco-schemes as a voluntary form of income support which accounts on EU average for 24% of CAP direct payments. Few CSP have designed eco-schemes payments to also contribute to fairer distribution of support.
- Fairness in the distribution of CAP direct payments towards smaller farms can be further enhanced through the specifically dedicated **payment for small farmers** (PSF). It is also a simplified approach replacing other income supports.
- ANC payments** for natural or other area-specific constraints are designed to compensate farmers against disadvantages involved with agricultural production in these areas. This form of income support from the CSPs also holds rural development goals to strengthen the socio-economic fabric of agricultural communities and help prevent land abandonment.



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### Income support in practice

Member States have the flexibility to adapt their mandatory income support interventions. Such flexibility allows CSPs to be tailored to national needs. This occurs through eligibility criteria as well as by defining different thresholds of payment per hectare (e.g. CRISS). For instance, income support from CSPs should only be granted to active farmers having agricultural land at their disposal on which agricultural activity is carried out, in accordance with the criteria set by Member States. Moreover, each CSP sets criteria to define 'eligible hectares' which can include nature and landscape features supported by CAP direct payments.

A **typical example of direct payments** in practice is illustrated by income support from the EAGF for a small family farm in Extremadura, Spain. Here the EU funds supported Carolina and Jesús Gómez Hernández to maintain and develop their farm's capacity for producing goat meat, dairy products and fruit through environmentally friendly agriculture.

A combination of coupled and decoupled direct payments helped make this possible. Outcomes bolstered their business confidence to digitalise their operations and diversify into growing high value nutritious fruit crops as well as livestock products. Other indirect benefits from this package of the CAP income support funds contribute to reducing rural depopulation pressures and reinforcing the region's long-term resilience.

