

### 5.3.5 Tool for installation of young farmers and rural business start-up

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# **I. Presentation of the type of intervention:** **Installation of young farmers and rural business start-up.**

Installation of young farmers, of new farmers and rural business start-up is a voluntary type of intervention under Rural Development which aims to provide immediate start-up support to young farmers who want to set up and/or to other new entrants for the setting up of new businesses. In a situation with remaining issues like an economic slowdown and a restricted access to capital for many European rural enterprises, support for the creation and development of new viable economic activities such as new farms run by young people or other new business and entrants remains essential.

Ageing of agricultural farm holders is also an enduring issue that needs a policy response ensuring the future of the farmers' profession. Now, more than ever, young farmers can bring new skills and energy, new and modern professional management to the farming sector, and can provide innovative management tools and investments in agriculture. That is why Member States should provide for a strategic approach and identify a clear and coherent set of interventions for **generational renewal** under the corresponding specific objective SO7. Since all these challenges remain eminent, Article 86(4) of the proposal SPR requires from MS to dedicate a minimum amount corresponding to at least 3% of the national envelope of direct payments to generational renewal in agriculture; this can be in the form of top-up income support (CISYF under Pillar I - Article 27) **and/or** installation support to young farmers (Pillar II - Article 69).

Economic activity is also needed to make rural areas vibrant. Rural businesses outside the agricultural sector face particular challenges in rural areas, such as: the difficulty to ensure economic sustainability because of smaller local markets, cost of remoteness to reach other markets, limited availability of qualified human resources and difficulty to access to financial instruments. Launching an economically sustainable activity in rural areas requires often innovative solutions and innovative solutions need time to be set up.

Therefore it is important to provide, **at the beginning of the project**, a start up support for rural businesses.

## **1. Common elements to all types of interventions**

### **1.1 Legal references**

Art 4(1)(e) of the SPR: definition of "young farmer"

Article 4(1)(ea) of the SPR: definition of "new farmer"

Art 69: Installation of young farmers, new farmers and rural business start-up

Article 86(4) and Annex X of the SPR (minimum amount)

Article 97(2)(c) intervention strategy

## 1.2 Rationale

Young farmers, new farmers and new business entrants in rural areas still face significant barriers regarding access to land, high prices of purchasing land and access to credit. Their businesses are more threatened by price volatility (for both inputs and produce) and their needs in terms of training in entrepreneurial and risk management skills are high. It is therefore essential to continue the support for the setting up of new businesses and new farms.

In addition to the grants, Member States may set in their CAP Strategic Plans preferential conditions for financial instruments for young farmers and new entrants/businesses. Using financial instruments in this context not only offers a revolving instrument to the Managing Authority (repaid resources can be reused for other projects), but it also allows financing for more ambitious or complex business plans. Since the aid element within a financial instrument support is only the amount of the Gross Grant Equivalent stemming from the interest rate benefit, the maximum aid ceiling allows for a much higher amount of repayable financing for the business plan.

The rationale is reflected in Recitals 43 and in 42 concerning the link to financial instruments and InvestEU of the SPR. For more information on InvestEU please have a look at [Tool 5.3.11](#).

## 1.3 What's new in comparison to the period 2014-2020?

There are various differences between the current and the future regulatory framework:

- Formulation of the definition for YF (the same definition for CISYF and for the RD installation grant). Unlike in the period 2014-2020 MS are expected to define and justify the YF definition, by transposing the principles which are laid down under Article 4(1)(e) of the SPR.
- New definition of New Farmer which should be the same across the two Pillars. This can give more possibilities to Member States to extend the support to individuals who are not considered as YF but they want to enter the profession as new entrants.
- Better possibilities to target the support via the design of the intervention, without detailed rules included in the legal basis. Unlike in the period 2014-2020 where various elements have been specified in the legal provisions, MS are given much more flexibility on how they will design their interventions under this type of intervention, by taking into account their specific context.
- Installation support in the form of financial instruments are available for all activities under Article 69 (not only for young farmers as in 2014-2022).

### ***For the intervention(s) concerning the installation of young farmers***

The MS will need to define, explain and justify the following notions:

- age (for the definition, see [tool 4.1.1 on definitions](#))
- head(s) of holding
- training and/or skills

### ***For the intervention(s) concerning the installation of new farmers***

The MS will need to define, explain and justify the following notions:

- definition of the farmer other than young farmer
- 'head of the holding' **for the first time**
- objective and non-discriminatory requirements as regards appropriate training and skills

✍ **Point of attention:** *There is a significant difference in the definition of the 'head of the holding' between young and new farmers. While for young farmers the definition no longer contains the obligation to be setting up for the 'first time', for new farmers this is obligatory.*

***For the intervention(s) concerning rural business start-up aid linked to agriculture and forestry or farm household income diversification into non-agricultural activities***

The MS will need to describe:

- the agricultural and the non-agricultural business start-ups they intend to support

***For the intervention(s) concerning the business start-up of non-agricultural activities in rural areas related to the local development strategies***

The MS will need to describe:

- The non-agricultural business start-ups, related to LEADER strategies, that they intend to support.

✍ **Points of attention:** Only non-agricultural business start-up that are related to a local development strategy can be supported. This means that the selected local strategy has to identify this area as a priority/need to be supported in the territory concerned. The managing authority could then plan such intervention under Article 69 with a separate budget than the budget planned for Leader. (Note that all Leader support must be granted under Article 71). Such intervention under Article 69 can therefore only be planned once LEADER strategies are selected.

- When financial instruments are used, their eligibility conditions should be described separately, unless they are the same as for grants.
- All interventions under this type of intervention will be supported in the form of lump-sums or through financial instruments or a combination of both. The amount of the aid has increased from the current EUR 70 000 to up to EUR 100 000.
- There is no empowerment to lay down specific rules concerning controls that have to be carried out on these interventions, and this will be up to the MS to establish by following the principles of Article 57 to 62 of the HZR.
- There is no empowerment to lay down specific rules concerning the conditions for the submission and the content of the business plan. It will be up to the MS to set the conditions of the business plan, including the timeline for its implementation. The key aspects (e.g. the structure, objectives, milestones) of these business plans will have to be provided in the

description of the intervention, as it is an important element of the targeting of the intervention.

- The number of instalments of the lump-sum is no longer regulated in the legal basis; this means that MS may decide, even if not recommended, to pay the support to beneficiaries all at once.
- There is no longer a specific reference to the development of small farms under this type of support, nor to the one-off support to small farmers who commit to transfer their entire holding and the corresponding payment entitlements to another farmer. Moreover, it is not explicitly mentioned that start up aid is to be limited to micro and small enterprises. Nevertheless, setting up of (small) farms can be considered as eligible under Art.69 (para 2b) based on the SWOT analysis and the needs assessment provided by the MS. Development of small farms can be supported under Article 68 (investments) with a higher support rate of up to 85%.
- There is no longer specific requirement for MS to set up different thresholds in order to distinguish the different rates of support to different categories of beneficiaries. This is left to the MS to decide and to include in their CAP Plan.
- Member States need to include in their CAP Strategic Plan the ring-fencing of at least an amount corresponding to 3% of the annual direct payments' envelope for generational renewal. There is no maximum limit for the total amount attributed to the interventions to support young farmers under Pillar 1 and/or Pillar 2; thus MS have the possibility to allocate more than this minimum amount to generational renewal, if there is a need and are free to choose the intervention(s) necessary to this end.
- There are further clarifications and additional improvements on how the support of the interventions can be combined with financial instruments: similarly to grants provided as installation support, financial instrument support under this intervention can be used freely in pursuit of implementing the business plan, i.e. it can be used even for working capital costs or for land purchase. Restrictions laid down in Article 68(3) for investments are not applicable to support provided under Article 69.
- Transfers between pillars can be used to finance Pillar 1 or Pillar 2 interventions, within the limits set in Art. 90(1) of the Regulation proposal. In addition, for the purpose of financing the installation aid for young farmers, MS may transfer an additional up to 2% of their direct payments' envelope to Pillar 2 and use these transferred amounts for Pillar 2 interventions.

## 1.4 Related specific objectives, output and result indicators

### 1.4.1 Specific objectives (CAP plan chapters 5.1.b.2 – 5.1.b.5) [Articles 6 and 97, 99(c) of the SPR]

The installation of young farmers and rural business start-up provides for enhanced support in helping out young farmers, new farmers and rural business start-up in setting up and contributes to SO7 “attract young farmers and facilitate business development in rural areas”, and possibly –

depending on the design of the intervention (s)- to SO8 “promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry”<sup>1</sup>.

See the [tool on SO7](#) on consistency aspect between interventions for generational renewal under DP and RD and [tool on SO8](#).

- ✍ **Points of attention:** the consistency between the specific objective(s) to which the intervention(s) contribute and the design of the intervention(s) keeping in mind that these intervention(s) are about installation and start-up of *one-off* support for young farmers, new farmers and rural businesses.
- ✍ **Good/bad practices (if any):** Annex I does not prescribe any binding links between result indicators (RI) and SO and there is no pre-defined list of interventions to match result indicators, since interventions are to be defined by MS. Member States are responsible for establishing the links between SO-result indicators-interventions in their intervention logic based on sound and coherent argument. The key principle is that interventions are associated to the SO(s) and result indicator(s) to which they are expected to provide a direct and significant contribution based on their specific design, and in this type of intervention only two SOs appear relevant. Please also refer to the tool on the [Intervention Strategy and its coherence](#). However certain RI are relevant for certain types of intervention and less for others (see result indicator fiches).

### 1.4.2 Output indicators [Article 7, Annex I of the SPR]

The output indicators are:

#### **O.22: Number of young farmers receiving installation support**

The total number of young farmers receiving installation support (grants, financial instruments or a combination of both) under one or more interventions specified in the CAP Strategic Plan in the Financial Year concerned.

#### **O.22a: Number of new farmers receiving installation support (other than young farmers reported under O.22)**

The total number of new farmers (other than young farmers under O.25) receiving installation support (grants, financial instruments<sup>2</sup> or a combination of both) under one or more interventions specified in the CAP Strategic Plan in the Financial Year concerned.

#### **O.23: Number of rural businesses receiving support for start up**

The total number of rural businesses receiving start-up support (grants, financial instruments or a combination of both) in the Financial Year concerned.

#### **Specific modalities:**

**O.22:** The number of farmers supported in the Financial Year concerned shall be planned and reported **per unit amount, cf also point 1.7. below.**

<sup>1</sup> An example could be whereby a young farmer is in a vulnerable situation or is socially excluded.

<sup>2</sup> In case of guarantee financial instruments, guarantee commitments linked to disbursed loans.

**O.23:** The number of rural businesses supported in the Financial Year concerned shall be planned and reported per unit amount.

Besides, if the lump-sum (which will be considered as the fixed and uniform unit amount of the corresponding intervention) is paid in more than one instalment, **partial** outputs shall be reported for a given financial year in the Annual Performance Report. Alternatively, MS may provide an average unit amount per intervention, as this amount may vary from one beneficiary to another depending on different ranges/criteria, as it can be seen in the example of p. 14.

✍ **Points of attention (if any):** Beneficiary of a combination of installation grant and financial instrument support should be counted as one output for monitoring purposes. *(Note that for performance clearance purposes grant and financial instrument outputs are counted separately, even if the same farmer receives both. The only exception may be when grant is provided under the financial instrument operation (single operation combination in accordance with Article 58(5) of CPR), when the combination may result in one single output also for the clearance.)*

### ✍ **1.4.3 Result indicators (5.1.b.3) [Articles 7, 97 and Annex I of the SPR]**

The result indicators concerned are:

**R.30: Generational renewal:** Number of young farmers setting-up a farm with support from the CAP, including a gender breakdown.

**R.31: Growth and jobs in rural areas:** New jobs in supported CAP projects.

**R.32: Developing the rural bioeconomy:** Number of bio-economy businesses, including bio-economy businesses, developed with support.

**R.33: Smart transition of the rural economy :** Number of supported Smart Villages strategies

**R.35: Promoting social inclusion:** Number of of persons covered by supported social inclusion projects .

Each intervention should be linked to at least one common result indicator. Depending on its design, the same intervention can contribute to more than one common result indicator. Interventions should be linked to all common result indicators to which they are expected to make a direct and significant contribution.

#### **To note:**

Unlike the counting of outputs (partial or full depending on the proportion of payment that has been paid out to each beneficiary), RIs will be counted in full as of the first installment of the lump-sum or the FI support (see result indicator fiches), excluding double counting.

## **1.5 Description of the type of intervention**

### **1.5.1 Status (voluntary/mandatory for MS)**

This is a **voluntary** type of intervention to be further specified in the MS CAP Strategic Plans.

However, in the case of YF interventions, MS must dedicate a minimum amount (corresponding to at least 3% of the national envelope of direct payments) to generational renewal in agriculture; this minimum amount has to be programmed either in the form of an intervention which provides top-up income support (CISYF under Pillar I - Article 27) or in the form of an intervention which provides installation grants to young farmers (Pillar II - Article 69) or both. Another possibility to reach the minimum amount is included through the investments carried out by young farmers and benefiting from a higher support rate in accordance with Article 68(4)(a)(ii). When this possibility is used, a maximum of 50% of the expenditure for investments can be counted against the minimum amount to be reserved. The 50% of YF investments would only be “used” in the calculation of the ring-fencing, if by combining the installation aid (Art 69) and the enhanced income support (Art 27), the minimum amount cannot be reached (this is the reason why “*in addition*” is included in the legal text).

In this respect, there could be:

- Both installation support + enhanced income support (no investment)
- Only installation support
- Only enhanced income support
- Installation support + investments (no enhanced income support)
- Enhanced income support + investments (no installation support)

### **1.5.2 Form/rate of the support, Art. 99(g), (i)**

Interventions under this type of intervention take the form of multi-annual support in the form of a lump-sum per beneficiary (young farmer or other beneficiary of business start-up) or via financial instrument or a combination of both. MS are to define and justify the unit amount of the support, and can differentiate the different lump-sums per different categories of beneficiaries (justification of criteria needed). For example, MS may decide to pay a higher amount in a depopulating area, or in an area with low economic activity, or when combination with FI support is foreseen.

The maximum amount of the aid is EUR 100 000, and MS will need to indicate the amount per intervention and/or per categories of beneficiaries under the intervention in their CAP Strategic Plan (in such cases, this is to be considered as the fixed and uniform unit amount of the intervention).

The grants can be combined with financial instruments.

✍ **Points of attention (if any):** When combination of grant and FI support is envisaged, the accumulation rules shall be described demonstrating the way the maximum applicable aid ceiling will be respected by the sum of the grant and the Gross Grant Equivalent of the FI support.

### **1.5.3 Eligibility conditions, definitions and requirements (5.1.b.4 – 5.1.b.5) [articles 98(a), 99(c) and (d) of the SPR]**


In line with the new delivery model, only few but fundamental eligibility conditions and specifications have been laid down in the basic act.



**For all interventions:**

Member States are expected to specify and justify:

- The eligibility conditions, and differentiated by type of support, if different.
- The lump sum amount(s) per intervention. The design of the intervention leaves ample scope for targeting. For instance, MS may choose to differentiate the lump sum amounts for different categories of beneficiaries etc.
- The selection criteria for these interventions, which aim to ensure equal treatment of applicants, better use of financial resources and targeting of the support in accordance with the purpose of the interventions.
- Clear links should be established with the needs assessments, the specific objectives and the result indicators to which the intervention is supposed to contribute directly and significantly.


 **Points of attention (if any):** MSs will need to ensure that the interventions are set out on the basis of objective and non-discriminatory criteria, they are compatible with the internal market and do not distort competition.

**For the intervention(s) concerning the installation of young farmers**

It could provide support for facilitating the installation of the YF and the start of his/her agricultural activities. There are no specifications for what the YF should use the support for, but it should support the activities foreseen in his/her business plan without an obligation of matching any expenditure items mentioned in the plan with the amount of support.

**Conditions to be defined by MS and thus to be included in the Plan:**

- The three mandatory elements of the young farmer definition (in the sense of Article 4(1)(e):
  - o age limit not exceeding 40 years (exact age limit to be set by MS; can be below 40 years),
  - o head of holding (conditions to be set by MS, including those for legal persons, as well as groups of natural and/or legal persons and can include groups of YFs to be considered as 'heads of holding'),
  - o appropriate training and/or skills required (conditions to be set by MS);
- The notion of installation, to be further defined and clarified by MS; as an example, YFs which have started their setting in the last 24 months.
- The conditions for access of legal persons and/or groups of natural or legal persons as part of the intervention design. MS can establish and apply conditions to support YF not setting up as a sole head of the holding. The setting up may be done solely or jointly with other farmers.
- The MS will need to lay down the conditions for the submission and the content of the business plan that has to be submitted by the YF.

 **Points of attention (if any):** It needs to be clarified that the two notions of 'first setting up' and 'installation' under RD should be coherent: the 'setting-up' under Pillar 2 is considered an on-going process, which is not yet finalised at the moment of submitting the application for business start-up support, whereas the 'first setting up' may cover beneficiaries who have already been set up and are requesting for CISYF support. While these different entry conditions stem from different mechanisms for granting support under the two pillars, it is acknowledged that the legislator intends to permit and encourage complementary support for young farmers under both pillars.

- ✍ There is considerable flexibility given to MS as regards the types of actions to be included in the business plan. The business plan has to be considered as a general framework driving the development of the holding after the beneficiary's setting up and not as a precise roadmap to be strictly followed.

#### **For the intervention(s) concerning the setting-up of new farmers**

It could provide support for facilitating the setting up of a new farmer for the first time as head of the holding. There are no specifications for what the NF should use the support for, but it should support the activities foreseen in his/her business plan without an obligation of matching any expenditure items mentioned in the plan with the amount of support.

#### ***Conditions to be defined by MS and thus to be included in the Plan:***

- The mandatory elements of the new farmer definition (in the sense of Article 4(1)(ea):
  - o farmer other than young farmer; therefore, a clarification on which beneficiaries will be targeted;
  - o 'head of the holding' for the first time;
  - o objective and non-discriminatory requirements as regards appropriate training and skills.
- The MS will need to lay down the conditions for the submission and the content of the business plan that has to be submitted by the YF

#### **For the intervention(s) concerning rural business start-up aid linked to agriculture and forestry or farm household income diversification into non-agricultural activities**

It could provide support to business start-ups to cover sustainable agricultural/forestry activities or to other beneficiaries who intend to diversify into non-agricultural activities.

#### ***Conditions to be defined by MS and thus to be included in the Plan:***

- MS will need to define beneficiaries; for example, farmers or members of the farm household diversifying into non-agricultural activities.
- MS will need to distinguish and define the eligible agricultural and the non-agricultural activities under this intervention(s).
- The MS will need to lay down the conditions for the submission and the content of the business plan.

#### **For the intervention(s) concerning rural business start-up aid of non-agricultural activities in rural areas related to local development strategies**

It could provide support for the start of a new non-agricultural activity which is to be described in a local development strategy. Only non-agricultural business start-up that are related to a local development strategy can be supported. This means that the selected local strategy has to identify this area as a priority/need to be supported in the territory concerned. Such intervention under Article 69 can therefore only be planned once LEADER strategies are selected.

#### ***Conditions to be defined by MS and thus to be included in the Plan:***

- MS will need to define beneficiaries; for example, non-agricultural [micro and small] enterprises in rural areas.

## 1.6 Planned annual outputs (5) [article 99(f) of the SPR]

There are no specific rules applying to the planned outputs of these interventions, apart from Article 86(4) according to which a minimum amount as specified in Annex X (corresponding to at least 3% of the national envelope of direct payments) should be dedicated to generational renewal in agriculture. Therefore, the planned outputs for the installation support to young farmers should reflect the decision of the Member State in this respect: top-up income support for young farmers (CISYF under Pillar I - Article 27), installation support (Article 69), a combination of the two or if necessary, investments for young farmers (Article 68)

The planned outputs can be stable or can fluctuate over the years, provided they are plausible and well justified.

The annual planned outputs should correspond to the expected number of beneficiaries (based on O.22, O.22a or O.23) for each year of the Plan, and for each unit amount (i.e. each lump-sum) within the intervention. Each beneficiary should be counted one time only in the period, at the time of the estimated first instalment.

✍ **Points of attention (if any):** The plausibility of the planned outputs can be done in respect to evidence from statistical data on current implementation, e.g. on the current number of young farmers. Beneficiary of a combination of installation grant and financial instrument support should be counted as one output for monitoring purposes. (Note that for performance clearance purposes grant and financial instrument outputs are counted separately, even if the same farmer receives both. The only exception may be when grant is provided under the financial instrument operation (single operation combination in accordance with Article 52(8) of CPR), when the combination may result in one single output also for the clearance.)

## 1.7 "Planned annual (uniform or average) unit amounts (5) [Articles 89 and 99(g) of the SPR]

As provided in the legal proposal these interventions will be paid in the form of lump sums or FI support, or a combination of both, up to an aid amount of EUR 100 000. This means that MS will likely provide a fixed lump-sum to be paid to each beneficiary participating in the respective intervention. This will be considered as the uniform unit amount; MS may also choose to define different lump-sums (i.e. different unit amounts) within the same intervention for different categories of beneficiaries under the intervention.

If also FI support is available for this type of intervention, separate unit amount shall be defined for the FI support. Unlike for grants, in the case of FIs it is not advisable to define a fixed unit amount, since FIs are primarily repayable forms of support. The repayable loan amounts should be carefully calculated to match the business plan of each farmer, since the business plan itself determines the future cash-flow and thus the repayment capacity of each farmer. A fixed loan amount would be, on the one hand, not sufficient for some farmers with a more ambitious business plan, and on the other hand, would be too much for some other farmers with more modest business plans. Therefore, it is important to ensure flexibility in the management of these instruments, within the limits set by Article 69, and to allow for using average unit amount of support for the FI operation under this type of intervention. For FIs the average unit amount shall reflect the eligible expenditure of FIs as laid down in first subparagraph of Article 74(5) of CAP SPR, i.e. it should be the average amount of public loan or guarantee per young farmer.

See also elements under 1.5.2 above.

- ✍ **Points of attention (if any):** Performance clearance will be done at the level of the unit amount; this means that if an intervention has different lump-sum amounts or different forms of support, clearance will be done at the level of each unit amount.
- ✍ When FI support is also available under this type of intervention, the Member State shall ensure that the sum of the lump-sum support and the GGE of the FI support shall not exceed the EUR 100 000.

## 1.8 WTO aspects (5.1.j) [Articles 10 and 99(e), annex II of the SPR, Article 33 of the SPR]

**Refer to specific fiche X.1 on general WTO aspects**

Article 69 is excluded from Annex 2 to the SPR. Thus MS can but do not have to design their interventions under Article 69 as green box compatible. (Art. 10(1)).

Please see also the specific tool X.1 on WTO aspects .

## 1.9 Consistency aspects (3.1-3.3) [Article 97(2) of the SPR]

**Refer to specific fiche 3.1 on overview on intervention strategy and its consistency/coherence**

As regards particular aspects for these interventions under Article 69, attention should be given to:

- Overview of the relevant interventions and specific conditions, including the allocation of payment entitlements for young farmers and new farmers (Article 22(4)), the complementary income support for young farmers (Article 27), the support for the installation of young

farmers(Article 69), and the possible forms of cooperation to foster farm succession (Article 71(7)).

- A description of the interplay of the planned CAP support with national instruments (e.g. tax regimes, rules on land management and tenure, inheritance laws, pension and retirement regulations).
- If decided so by the MS, the possible use of EAFRD allocation to support learning mobility for young farmers under Erasmus programmes.
- Other elements to consider:
  - The possible use of soft approaches including awareness raising, advice and planning for handover from older to new generations.
  - The possible need for supporting quality of life in rural areas in a broad sense (e.g. IT infrastructure, basic services) in order to develop the right environment in which generational renewal could be developed more effectively.
  - The link with knowledge and advisory services, or in case of FIs the possibility to cover business plan services as technical support within the FI support.
  - Links with the Cooperation type of intervention, especially LEADER and the EIP.
- The risk of accumulation (overcompensation) between support for young farmers under Regulation (EU) 1305/2013 and installation grant for YF under the CAP Strategic Plan. This means that a young farmer who received support under Regulation (EU) 1305/2013 should not be considered eligible again under the SPR.

## 1.10 Simplification (8) [Article 95(h) of the SPR]

### Refer to specific fiche 8.2 on simplification

It is considered that simplification is inherent in the design of these interventions, as they are to be paid in the form of a lump-sum and they aim to provide very targeted support aiming to facilitate the installation/start-up phase of an operation.

- ✍ **Points of attention (if any):** Attention should be paid to elements that would lead to complexity and administrative burden for the beneficiaries, in particular eligibility conditions for legal persons and groups of natural or legal persons, definition of head of holding that would be difficult to understand and/or verify at the implementation stage, or that would represent an unjustified administrative burden for the beneficiary.
- ✍ If combination with FI support is envisaged in a single operation combination in accordance with Article 58(5) CPR, then there should be considerable simplifications ensured on the level of the final recipients due to the “one-stop shop” provision of support.

## 1.11 Transitional aspects [COM(2019)581]

In accordance with Transitional Regulation (EU) No 2020/2220] young farmers and business start-ups can be supported under the current RDPs until the end of 2023 or 2024 (if the Member State makes use of the possibility to extend the RDP by one year).

The Transitional Regulation (EU) No 2020/2220 ) establishes that, for non-extended programmes, the expenditure under Regulation (EU) No 1305/2013 relating to legal commitments for a time period going beyond 1 January 2024 can be carried over to (shall be eligible under) the CAP Strategic Plans, subject to certain conditions: (a) there is an intervention in the CAP Plan that

accommodates the carried over commitments; (b) the EAFRD contribution rate of the intervention in the CAP Plan applies.

For programmes extended in 2021, the same rules apply but the deadline is extended to 1 January 2025.

✍ **Point of attention:** As regards the meaning of “legal commitments for a time period going beyond 1 January 2024”, the Commission refers to those commitments undertaken e.g. in 2021 and for which the support cannot be paid completely to the beneficiary because of delays. In those cases, the beneficiary will have its last payment(s) under the CAP Plan. In case of extended programmes, of course, the above dates are shifted for 1 year.

## 1.12 More information....

- [Evaluation of the impact of the CAP on generational renewal, local development and jobs in rural areas](#)
- [Special report No 10/2017: EU support to young farmers should be better targeted to foster effective generational renewal](#)
- [EIP-AGRI Focus Group New entrants into farming: lessons to foster innovation and entrepreneurship](#)
- [Brief on Generational Renewal](#)
- [M6.1 Business start-up aid for young farmers – Main findings from questionnaires](#)

## 2. Specific elements to the type of intervention

### 2.1 State aid aspects [Article 99(i) of the SPR] (where relevant)

#### **State aid clearance of the intervention**

With regard to state aid, the description of the interventions for supporting start-ups outside the scope of Article 42 TFEU has to refer to the state aid clearance to be used (block exemption, *de minimis*, notified aid scheme)

#### **Consistency with possible additional National aid**

Additional National aid for start-ups outside the scope of Article 42 TFEU should be accompanied by a commitment from the Member State that, where required under State aid rules or under specific conditions in a State aid approval decision, aid will be notified individually pursuant to Article 108(3) of the Treaty for approval by the responsible service in DG COMP.

The complementarity between Art. 69 interventions and pure national State Aid schemes should be assessed and possible cases of double funding and/or over-compensation identified.

For further details, please see the “Tool for State Aids”, where applicable.

## 2.2 Examples of current good practices and recommendations

- Several combination of support possibilities – already available in 2014-2020 - are explained in detail in the fi-compass brochure titled Joint Initiative for improving access to funding for European Union Young Farmers (see one example in Annex 1). Furthermore, the upcoming REGIO guidance on combination demonstrates the new combination possibilities in 2021-2027.
- Some examples of what could constitute a non-agricultural activity, taken from the current period are the following:
  - Rural tourism activities, including rural accommodation, tourism service provision, catering, transport, restaurants, cafes, etc.
  - Construction, re-construction or establishment of workshops, factories, premises and facilities for various activities such as repair of machinery; production and/or processing of non-agricultural goods; renewable energy producers and inter-linked activities, etc.
  - Social service provision including construction, re-construction and/or modernization of premises and area for carrying out the activities (childcare, eldercare, healthcare, care for disabled people, educational farms, etc.).
  - Provision of services to all economic sectors, including agriculture and forestry, or to the rural population.
  - Development of crafts and handicraft activities.
  - IT activities, computer-based and electronic activities, e-commerce, etc.
  - Architectural and engineering activities, accounting, book keeping and auditing services, technical services, industrial cleaning, veterinary activities, etc.

**[A real-case example – cost & benefit selection procedure]** As part of each competitive call applicants will be invited to request a level of funding within the range of EUR 40 000 – 70 000. This procedure enables the applicants to request the amount which corresponds to the needs of their business plans. During each individual call this funding range will remain the same. Those applying for funding above the minimum amount of EUR 40 000 will need to demonstrate an additional level of potential economic and productivity benefit from their activity within their business plan, which will provide sufficient value for money to justify the higher amount (cost & benefit evaluation of the application by the Managing Authority). This principle will be translated into concrete selection criteria which will be used at the stage of the call for applications. We will not apply any criteria related to the size of the investment provided in the business plan.

### Other examples of best practices:

- [ENRD Projects & Practice](#)
- [A young farmer creating a viable organic farm](#)

## II. Guidance questions for the assessment of the interventions (belonging to the type of intervention considered)

[The objective is to guide the geo-desk in its assessment of the interventions in a methodical way.]

**In blue bold: general questions that should fit for all types of intervention.** Below each general question: possibility to develop additional and more specific questions for a considered type of intervention

Reference in the CAP Plan template	Reference in the guidance document	Item to be assessed	Result (Y/N/NA) Comment
	<b>1</b>	<b>Section 1 - Common elements to all types of interventions</b>	
<b>5</b>		<b>Title of the intervention</b>	
		<b>Does the title reflect sufficiently clearly the content of the intervention?</b>	
<b>2 &amp; 5</b>	<b>1.4.1</b>	<b>Specific objective(s) to which the intervention is linked</b>	
		<i>Please refer to the tools on specific objectives (2.2.1 to 2.2.9) [ add the link to the tools]</i>	
		<b>Is the design of the intervention consistent with the SO(s) to which it contributes?</b>	
<b>4 &amp; 5</b>		<b>Articulation with conditionality (for environmental and climate interventions)</b>	
		<b>General question(s) to be developed by D2-D4-F1</b>	
<b>5</b>	<b>1.5.4</b>	<b>Eligibility conditions and description of the intervention</b>	
		<b>Do the eligibility conditions respect general principles of union law such as, equal treatment and non-discrimination, as well as the Charter of Fundamental rights of the Union?</b>	
		<b>Do the eligibility conditions of the intervention respect the applicable legal provisions in the SPR (core ones such as active farmer, eligible hectare, I&amp;R...and the specific one to the type of intervention)?</b>	
		<b>Are the eligibility conditions consistent with the policy objective/goal of the type of intervention (where relevant)?</b>	
		<b>If the intervention is 'territorialised': is the territorial targeting relevant to the identified needs and intervention logic? [please refer also to the fiche X.4 on regionalisation]</b>	
		<b>Are the criteria upon which the territorial targeting is based not likely to be discriminatory (i.e. unjust or prejudicial treatment of different categories of population)?</b>	
		<b>Are the potential beneficiaries clearly identified?</b>	
		<b>Does the young farmer definition fulfil the requirements of Article 4(1)(e) of the SPR?</b>	

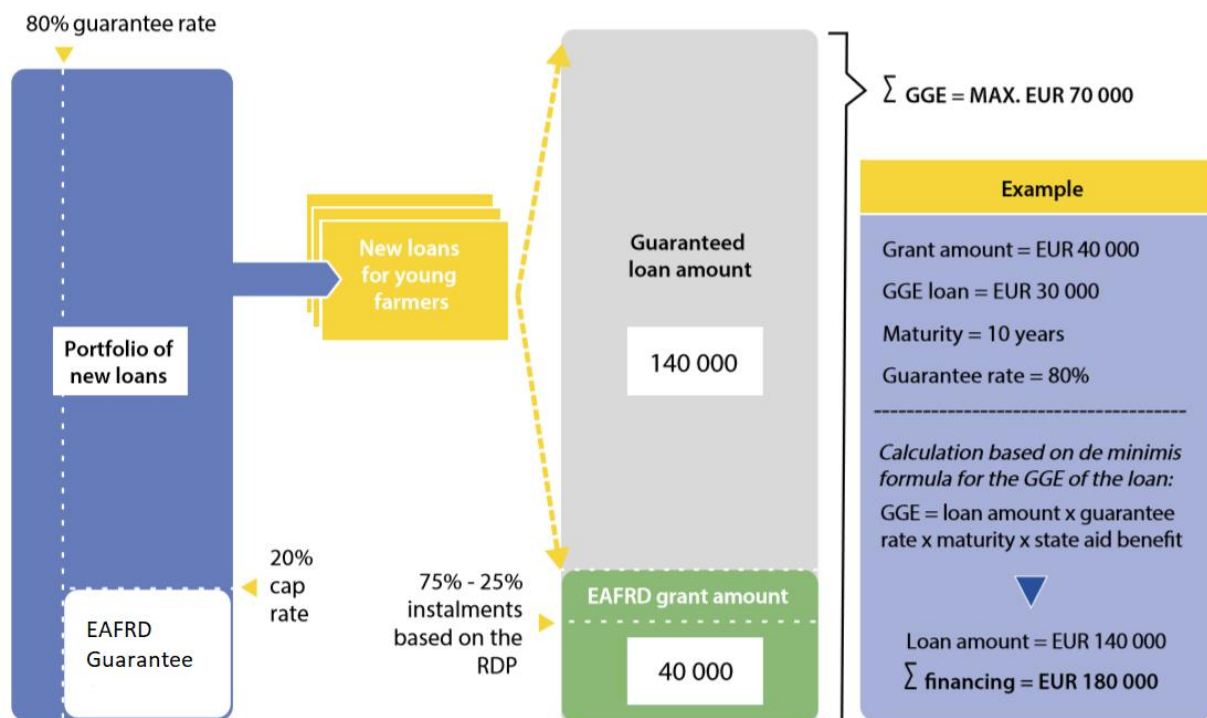


		<i>Does the new farmer definition fulfil the requirements of Article 4(1)(ea) of the SPR?</i>	
		<i>Are the specifications of the business plan included in the description of the intervention?</i>	
		<i>Are the principles for setting selection criteria coherent with the needs assessment, ex-ante evaluation results, and past experience (where relevant)?</i>	
		<i>Is it ensured that the support proposed to be granted relates to non-agricultural activity (where relevant)?</i>	
		<i>If support is planned also in the form of financial instruments, are the eligibility rules defined?</i>	
<b>2 &amp; 5</b>	<b>1.4.3</b>	<b>Result indicator(s) to which the intervention contributes</b>	
		<b>Is/are the RI proposed consistent with the design of the intervention and its eligibility conditions?</b>	
<b>5</b>	<b>1.j</b>	<b>WTO requirements</b>	
		<i>Please refer also to the tool X.1 on WTO aspects</i>	
		<b>For all interventions required to be Green or Blue Box compatible: Is the intervention respecting relevant WTO requirements? Is it explained how?</b>	
		<b>Does the intervention concern oilseeds (rapeseed, sunflower or soybeans) which is governed by the Blair House Agreement (relevant for CIS, certain sectorial interventions)?</b>	
<b>5 &amp; 6</b>	<b>1. 6</b>	<b>Planned annual outputs</b>	
		<i>Please refer also to the tool 5.0 on what is an intervention [add the link]</i>	
		<b>Do the planned annual outputs fall under the relevant output indicator?</b>	
		<b>Are the planned outputs consistent with the relevant planned milestones/targets?</b>	
		<b>Are the planned outputs plausible in view of the design of the intervention and its eligibility conditions?</b>	
<b>5 &amp; 6</b>	<b>1.7</b>	<b>Planned annual unit amount(s)</b>	
		<i>Please refer also to the tool 5.0 on what is an intervention [add the link]</i>	
		<b>Are the planned unit amounts plausible in view of the design of the intervention and its eligibility conditions?</b>	
		<b>Are the planned unit amounts consistent with the relevant planned milestones/targets?</b>	
		<i>Are the lump-sums proposed up to EUR 100 000?</i>	
		<i>When financial instrument support is envisaged, are separate planned annual unit amounts defined?</i>	
<b>5 &amp; 8</b>	<b>1.10</b>	<b>Simplification</b>	
		<i>Please refer also to the tool 8.2 on simplification [add the link]</i>	
		<b>Is the intervention designed in a way that would avoid unnecessary complexities or administrative burden for the beneficiaries?</b>	

		<i>If single operation combination is foreseen, is it included here (one-stop shop provision of grants and FIs)?</i>	
		<i>Are the eligibility conditions/selection criteria transparent, relevant and comprehensible, avoiding unnecessary complexity?</i>	
<b>3</b>	<b>1.9</b>	<b>Consistency and accumulation of support</b>	
		<b><i>Please refer also to the tool 3.1 on intervention strategy and its consistency/coherence [add the link]</i></b>	
		<b><i>Is the intervention consistent/not in contradiction with other interventions?</i></b>	
		<b><i>Is the intervention likely to create accumulation of support (i.e. overcompensation/double funding)?</i></b>	
		<i>If FI support is envisaged, are accumulation rules clearly described taking into account the Gross Grant Equivalent?</i>	
		<i>Is the MS using both Art. 27 and Art. 69 to support YF? Is complementarity and consistency ensured?</i>	
	<b>2</b>	<b>Section 2 - Items specific to a particular type of intervention</b>	
<b>5.B</b>	<b>2.1</b>	<b>State aid aspects (where relevant)</b>	
		<b><i>Is the intervention respecting relevant state aid requirements? Is it explained and how?</i></b>	
		<b>Specific item</b>	
		<i>Has the MS ensured a minimum amount as specified in Annex X (corresponding to at least 3% of the national envelope of direct payments) to generational renewal in agriculture? Under Pillar I, Pillar II or both? Has it used the possibility to include a maximum 50% of the expenditure of the investments carried out by young farmers and benefiting from a higher support rate in accordance with Article 68(4)(a)(ii)?</i>	
		<b>Conclusion</b>	

NB: the IT CAP plan template will integrate built-in checks, for example to verify the respect of the relevant ceilings or ring fencing if any.

## Annex I Example on combination of grant and financial instrument



Source: [https://www.fi-compass.eu/sites/default/files/publications/Joint initiative for improving access to funding for European Union Young Farmers.pdf](https://www.fi-compass.eu/sites/default/files/publications/Joint_initiative_for_improving_access_to_funding_for_European_Union_Young_Farmers.pdf)