



European Network for
Rural Development

FAQs

Areas facing Natural or other specific Constraints (ANCs)

These FAQs address questions that have been raised concerning the designation of ANCs in the funding period 2014-2020. The first part deals with general questions, followed by topical sub-sections on the process of establishing ANCs delimitations, biophysical criteria, fine-tuning, mountain areas, areas with specific constraints, and payment schemes.

Contents

| | |
|---|---|
| A. General/Introductory Questions | 4 |
| 1. What are the main features of the designation of ANC? | 4 |
| 2. Is it obligatory for Member States to designate ANC? | 5 |
| 3. Which share of the EAFRD budget is foreseen to be spent for ANC / Measure 13? | 5 |
| 4. There are different types of ANC (Mountain areas, areas facing significant natural constraints other than mountain and areas affected by specific constraints) – what is the importance of these different types in terms of budget? | 5 |
| 5. There are different types of ANC (Mountain areas, areas facing significant natural constraints other than mountain and areas affected by specific constraints) – what is the importance of these different types in terms of area? | 5 |
| B. The process of elaborating ANC designation systems | 6 |
| 6. Are there special rules on how to proceed with the establishment of ANC schemes in Member ... States with regionalised RDPs? | 6 |
| 7. What are the steps to be performed for establishing the new system of ANC delimitations? | 6 |
| 8. Which data has to be provided by Member States when they send their approach to the ANC designation for approval to DG AGRI? | 6 |
| 9. Do Member States have to send a list of municipalities falling under ANC to the Commission for the approval of the ANC's scheme? | 7 |
| 10. Does the Monitoring Committee have to approve the scheme for delineating ANC? | 7 |
| C. Fine-tuning | 7 |
| 11. In how far does the EU regulatory framework provide a common reference for performing the fine-tuning exercise? | 7 |
| 12. Does there have to be a link between the applied biophysical criteria and the parameters to be taken to perform the fine-tuning exercise? | 8 |
| 13. Does the fine-tuning exercise have to be performed for designating areas affected by specific constraints? | 8 |

D. Areas affected by specific constraints.....8

14. In regionalised Member States, does the “10% clause”, which stipulates that not more than 10% of the area can be designated as areas with specific constraints, have to be applied at the level of the Member State or at the level of the RDP area?.....8

15. Which possibilities are there to designate areas with specific constraints?9

E. Establishing Payment Schemes.....9

16. Is there any relation between ANC's payments and direct payments under Pillar 1?9

17. What are the minimum and maximum rates to be paid to farmers under Measure 13?9

F. Other questions..... 10

18. The definition of “active farmer” differs between CAP Pillar 1 and Pillar 2, how is this reflected inthe implementation of ANC's schemes, under which payments might be made from both CAP pillars?.....10

19. Where can further information on designating ANC's be found? 10

A. General/Introductory Questions

1. What are the main features of the designation of ANCs?

There are three different types of Areas facing Natural Constraints (ANCs):

Mountain areas are characterised by a considerable limitation of the possibilities for using the land and by an appreciable increase in production costs due to:

- a) the existence, because of altitude, of very difficult climatic conditions, the effect of which is to substantially shorten the growing season;
- b) at a lower altitude, the presence over the greater part of the area in question of slopes too steep for the use of machinery or requiring the use of very expensive special equipment;
- c) a combination of these two factors, where the constraints resulting from each taken separately are less acute but the combination of the two gives rise to equivalent constraints.
- d) Areas north of the 62nd parallel and certain adjacent areas shall be considered to be mountain areas as well.

The designation of **areas facing significant natural constraints other than mountain** is based on a set of eight common biophysical criteria: low temperature, dryness, excess soil moisture, limited soil drainage, unfavourable texture & stoniness, shallow rooting depth, poor chemical properties and slope.

This biophysical delimitation is followed by a fine-tuning exercise in which those areas are identified where the natural constraints have been overcome by investment or economic activity. Examples of this could be the use of drainage, irrigation or greenhouses. Member States may use a variety of indicators for this exercise but the coherence of the methodology is assessed by Commission services.

For **areas affected by specific constraints**, which can make up no more than 10 % of the Member State's territory, two distinct sets of criteria can be applied for the designation:

- a) Areas where it is necessary for land management to be continued in order to conserve or improve the environment, to maintain the countryside, to preserve the tourist potential of the area or to protect the coastline.
- b) Areas where:
 - at least 60 % of the agricultural area meets at least two of the biophysical criteria each within a margin of not more than 20 % of the threshold value indicated, or
 - at least 60 % of the agricultural area is composed of areas meeting at least one of the biophysical criteria at the threshold value indicated, and areas meeting at least two of the biophysical criteria each within a margin of not more than 20 % of the threshold value indicated.

2. Is it obligatory for Member States to designate ANCs?

No, it is not obligatory for Member States to designate ANCs. However, some specific payments can only be made if such a designation is in place. These are measure 13 of the Rural Development Programmes, specific ANCs Direct Payments and higher investment rates for farmers in ANCs areas under Measure 4 of the Rural Development Programmes. In addition, the forest exemption from the greening requirement could only apply in the ANCs designated areas.

3. Which share of the EAFRD budget is foreseen to be spent for ANCs / Measure 13?

For the programming period 2014-2020, around 17.3% of the EAFRD budget are allocated to Measure 13, which is in nominal figures approximately 25.6 billion Euros (total public expenditure).

However, there are huge variations between Member States as regards the amounts allocated to ANCs. Member States may modify their RDPs and also the payment levels during the programming period.

4. There are different types of ANCs (Mountain areas, areas facing significant natural constraints other than mountain and areas affected by specific constraints) – what is the importance of these different types in terms of budget?

At EU level, the distribution of the budget allocated (total public expenditure) to Measure 13 is as follows: 29% for mountain areas, 63% for areas with other significant natural constraints, and 8% for areas with specific constraints. (Please, note that these figures have to be regarded as preliminary figures (as of February 2017), since the new ANCs delimitation has not been established in all Member States).

5. There are different types of ANCs (Mountain areas, areas facing significant natural constraints other than mountain and areas affected by specific constraints) – what is the importance of these different types in terms of area?

Of the overall area falling under ANCs in the EU (around 52.898.984 ha in total), 28% are mountain areas, 69% are areas with other significant constraints, and 3% are areas with specific constraints. (Please, note that these figures have to be regarded as preliminary figures (as of February 2017), since the new ANCs delimitation has not been established in all Member States).

B. The process of elaborating ANC's designation systems

6. Are there special rules on how to proceed with the establishment of ANC's schemes in Member States with regionalised RDPs?

No, regionalised Member States may choose to do the biophysical delimitation and fine-tuning either at national or regional level.

7. What are the steps to be performed for establishing the new system of ANC's delimitations?

If a scheme for designating areas with significant natural constraints, other than mountain areas, is to be established, the following main steps have to be performed:

- 1) Screening of relevant biophysical criteria
- 2) Applying biophysical criteria
- 3) Identifying suitable fine-tuning indicators
- 4) Applying the fine-tuning indicators
- 5) Establishing a payment scheme

If the Member State or Region has opted to make use of Art. 32.4(3) 3 to designate areas with specific constraint through the combination of biophysical criteria, the requirement for fine-tuning applies in the same way.

8. Which data has to be provided by Member States when they send their approach to the ANC's designation for approval to DG AGRI?

Member States / Regions have to send a profound description of the method for the application of biophysical criteria and fine-tuning, demonstrating a sound scientific approach. The data sources have to be provided as well. While for the application of biophysical criteria relevant map material has to be sent to the JRC, no raw data needs to be sent. For a detailed description of the required documentation of the application of biophysical criteria, see the Annex of JRC (2016). The recommendations for applying the biophysical criteria are set out in different JRC guidance documents:

[https://marswiki.jrc.ec.europa.eu/wikicap/index.php/Designation_of_areas_facing_natural_and_other_specific_constraints_\(ANCs\)](https://marswiki.jrc.ec.europa.eu/wikicap/index.php/Designation_of_areas_facing_natural_and_other_specific_constraints_(ANCs))

9. Do Member States have to send a list of municipalities falling under ANC's to the Commission for the approval of the ANC's' scheme?

The list of the Local Administrative Units (LAU 2 level) (often municipalities) or other clearly delineated local units falling under the criteria of ANC's should be annexed to the RDP or the RDP should include a reference to the website containing this list. It is important that the local entities falling under the designation can be easily identified and found.

10. Does the Monitoring Committee have to approve the scheme for delineating ANC's?

The Monitoring Committee has to be consulted on the final RDP modification, so it is recommended to inform it about the process.

C. Fine-tuning

11. In how far does the EU regulatory framework provide a common reference for performing the fine-tuning exercise?

Regulation (EU) 1305/2013 stipulates that a fine-tuning exercise has to be carried out for areas facing significant natural constraints (other than mountain areas) [Art. 32(3)] and for areas affected by specific constraints, which have been demarcated through the combination of biophysical criteria [Art. 32(4)].

It further specifies that the purpose of this exercise is to identify areas in which significant natural constraints have been documented but have been overcome by investments, by economic activity, by evidence of normal land productivity or in which production methods or farming systems have offset the income loss or added costs.

The regulation, does not, however, provide a list of indicators to be taken to perform the fine-tuning exercise. These are chosen by Member States / Regions according to their own approach and are assessed by the Commission services.

12. Does there have to be a link between the applied biophysical criteria and the parameters to be taken to perform the fine-tuning exercise?

Linking the parameters used for fine-tuning to the biophysical criteria applicable might be useful. For example, if “dryness” is the criterion due to which an area has been documented as facing significant natural constraints, a fine-tuning indicator might be the presence of irrigation systems. If the natural constraint is “limited soil drainage”, the presence of artificial drainages might be assessed in the fine-tuning exercise. However, there is no such legal requirement. What matters is that, in the areas subject to fine-tuning, the natural constraint has been overcome by investments or by economic activity or is being offset by certain production methods or farming systems. The presence of these conditions might be demonstrated by a wide range of appropriate indicators.

13. Does the fine-tuning exercise have to be performed for designating areas affected by specific constraints?

If areas affected by specific constraints are designated on the basis of the combination of biophysical criteria, the fine-tuning exercise has to be carried out. If areas with specific constraints are designated on the basis that the support is necessary for land management to be continued in order to conserve or improve the environment, to maintain the countryside, to preserve the tourist potential of the area or to protect the coastline no fine-tuning is carried out [see Art. 32(4) of Reg. (EU) 1305/2013].

D. Areas affected by specific constraints

14. In regionalised Member States, does the “10% clause”, which stipulates that not more than 10% of the area can be designated as areas with specific constraints, have to be applied at the level of the Member State or at the level of the RDP area?

In Member States with regional RDPs, the “10% clause” has to be applied to the total area of that respective Member State [cf. Art 33(4) of Reg. (EU) 1305/2013].

15. Which possibilities are there to designate areas with specific constraints?

Member States have a range of opportunities to designate areas with specific constraints. There are two main approaches:

- a) Designation through the combination of biophysical criteria, for which the threshold stipulated in Annex III of Regulation (EU) 1305/2013 is used at a sub-severe level;
- b) Designation through the assessment of specific constraints, if it is necessary to maintain land management in order to (i) improve the environment, (ii) maintain the countryside, (iii) preserve the tourism potential of that area, or (iv) protect the coastline.

While for the first approach, the biophysical criteria listed in Annex III of Regulation (EU) 1305/2013 have to be applied in a special way, for the second approach the common regulatory framework does not provide any concrete criteria to be considered in the designation process.

E. Establishing Payment Schemes

16. Is there any relation between ANC's payments and direct payments under Pillar 1?

Member States have the opportunity to provide payments to farmers in ANCs under Pillar 1 as decoupled area-based payments. 5% of the annual national ceiling for Pillar 1 can be earmarked for this purpose. Yet, double-funding, in the sense that compensation of the same disadvantage is provided twice, has to be avoided.

17. What are the minimum and maximum rates to be paid to farmers under Measure 13?

The minimum annual payment rate for all types of ANCs is 25 Euro per hectare. The maximum rates vary between the types of ANCs: for mountain areas, the maximum rate is 450 Euro per hectare, for areas facing natural constraints other than mountain areas and in areas with specific constraints the maximum rate is 250 Euro per hectare. The support rates can be higher in duly substantiated cases.

F. Other questions

18. The definition of “active farmer” differs between CAP Pillar 1 and Pillar 2, how is this reflected in the implementation of ANC schemes, under which payments might be made from both CAP pillars?

Regulation (EU) 1305/2013 clearly stipulates in Article 31(2) that farmers, in order to receive ANCs payments, have to be active farmers in the meaning of Article 9 of Regulation (EU) 1307/2013. This implies that the definition, which is used in the context of the provision of direct payments under CAP Pillar 1, is also applied to the provision of ANCs payments.

19. Where can further information on designating ANCs be found?

A collection of resources related to ANCs is available on the [ENRD website](#).