Time for farmers and nature to thrive

A proposal for a performance-based policy to drive the transition of Europe's food and farming sector

BirdLife INTERNATIONAL
EUROPE AND CENTRAL ASIA

EEB
European Environmental Bureau

GREENPEACE

WWF

Contacts:

Marilda Dhaskali (BirdLife Europe)
marilda.dhaskali@birdlife.org

Theo Paquet (European Environmental Bureau)
theo.paquet@eeb.org

Marco Contiero (Greenpeace European Unit)
mcontier@greenpeace.org

Giulia Riedo (WWF European Policy Office)
griedo@wwf.eu

Published: May 2025

© Nemcova Tatiana

Stichting BirdLife Europe, the European Environmental Bureau and the WWF European Policy Office gratefully acknowledge financial support from the European Commission and the European Climate Foundation. All content and opinions expressed on these pages are solely those of the authors of the publication and do not necessarily reflect those of the European Union, CINEA or the European Climate Foundation, who cannot be held responsible for them.

Summary

Europe is facing escalating climate shocks – heatwaves, droughts, and floods - that threaten food production and expose the fragility of the current food system. These extreme weather events already cause €28.3 billion of annual average loss, a figure projected to rise to €40 billion by mid-century. While farmers bear the brunt of these impacts, science shows that intensive agriculture is a major contributor to biodiversity loss, climate change, and pollution. The war in Ukraine has further exposed the food system's reliance on fossil fuels and fertilisers, exacerbating living costs and vulnerabilities to external events.

There is strong consensus among scientists, public and major investors on the need to transform food systems to ensure long-term food security, environmental sustainability, and social fairness.

Achieving these goals requires a fundamental shift in agriculture, yet the current Common Agricultural Policy (CAP) has constantly failed to deliver. It has neither adequately supported farmers to face crises nor ensured a fair standard of living for all the farmers, nor addressed environmental degradation. The 2023–2027 CAP remains locked in outdated budget structures, continues to fund harmful subsidies that primarily benefit large farms and promote unsustainable practices, while support for environmentally friendly farming remains limited.

In this paper, BirdLife Europe, the EEB, Greenpeace, and WWF argue that the current CAP lacks legitimacy and should be replaced with a Common Agricultural, Food, and Land Stewardship Policy. This new policy would focus on a just transition and a more effective performance framework. The authors build on the agreement reached in the Strategic Dialogue by presenting concrete policy proposals to repurpose agricultural funds in support of social equity, environmental sustainability, and a just transition. They also advocate for a minimum of €35 billion annually to be allocated through the Multiannual financial framework (MFF) and national budgets for measures that protect, maintain, and restore nature. This funding should, amongst other uses, support farmers and other land managers in adopting practices that safeguard and regenerate natural ecosystems.

Eight key objectives must be at the heart of discussions on the future of the EU's agricultural policy:

1 **Moving to a genuinely performance-based policy:** link the EU budget disbursement to the achievement of clear, measurable EU policy objectives.

2 **Boosting funding for protecting and restoring nature and functioning ecosystems:** secure ring-fenced funds for nature in the new MFF and increase the effectiveness of environmental payments for farmers.

3 **Ending harmful subsidies:** establish a common, science-based exclusion list defining environmentally harmful activities that cannot be funded under the EU budget

4 **Targeting socio-economic support to social sustainability objectives:** ensure social payments for farmers reach those who need it most.

5 **Strategic investments for systematic change:** repurpose investments to support the transition to a more resilient and diverse farming grounded in the principles of agroecology.

6 **Supporting a just transition in the livestock sector:** support the reduction of livestock numbers in excessive high density areas and promote extensive animal farming systems.

7 **Promoting diversification for farmers' resilience and sustainable food systems:** eliminate obstacles for diversified crop production and protein consumption.

8 **Ensuring accountability and dialogue through robust governance:** foster cooperation, transparency and balance among stakeholders.

© Wiesław Król

Introduction

As Europe continues to be hit by increasingly severe heat waves, droughts, and floods, the breakdown of our climate and ecosystems is causing alarmingly serious impacts on food production, with an overall average annual losses of €28.3 billion[1], and wider society. While farmers are directly suffering from the effects of these crises, science conclusively shows that intensive agriculture is also the single biggest driver of biodiversity loss[2] both in the EU and globally, as well as a major contributor to climate change[3], soil degradation[4], and water[5] and air pollution[6].

Furthermore, the war in Ukraine has exposed our food system's reliance on fossil fuels and fertiliser imports, whose rising costs have deeply affected the cost of living crisis and laid bare the vulnerability of many households to food and energy price hikes.

There is now a clear consensus[7] amongst scientists that transforming food systems is crucial to ensure our capacity to produce food in the long term, address the multiple global environmental crises, and ensure a fair transition. This fact is echoed in public opinion, which demonstrates strong support for major changes in the food system. This includes efforts to improve animal welfare[8] and reduce pesticides use[9]. It is also reflected in the calls from major investors[10] who are advocating for repurposing agricultural subsidies in alignment with climate and biodiversity objectives.

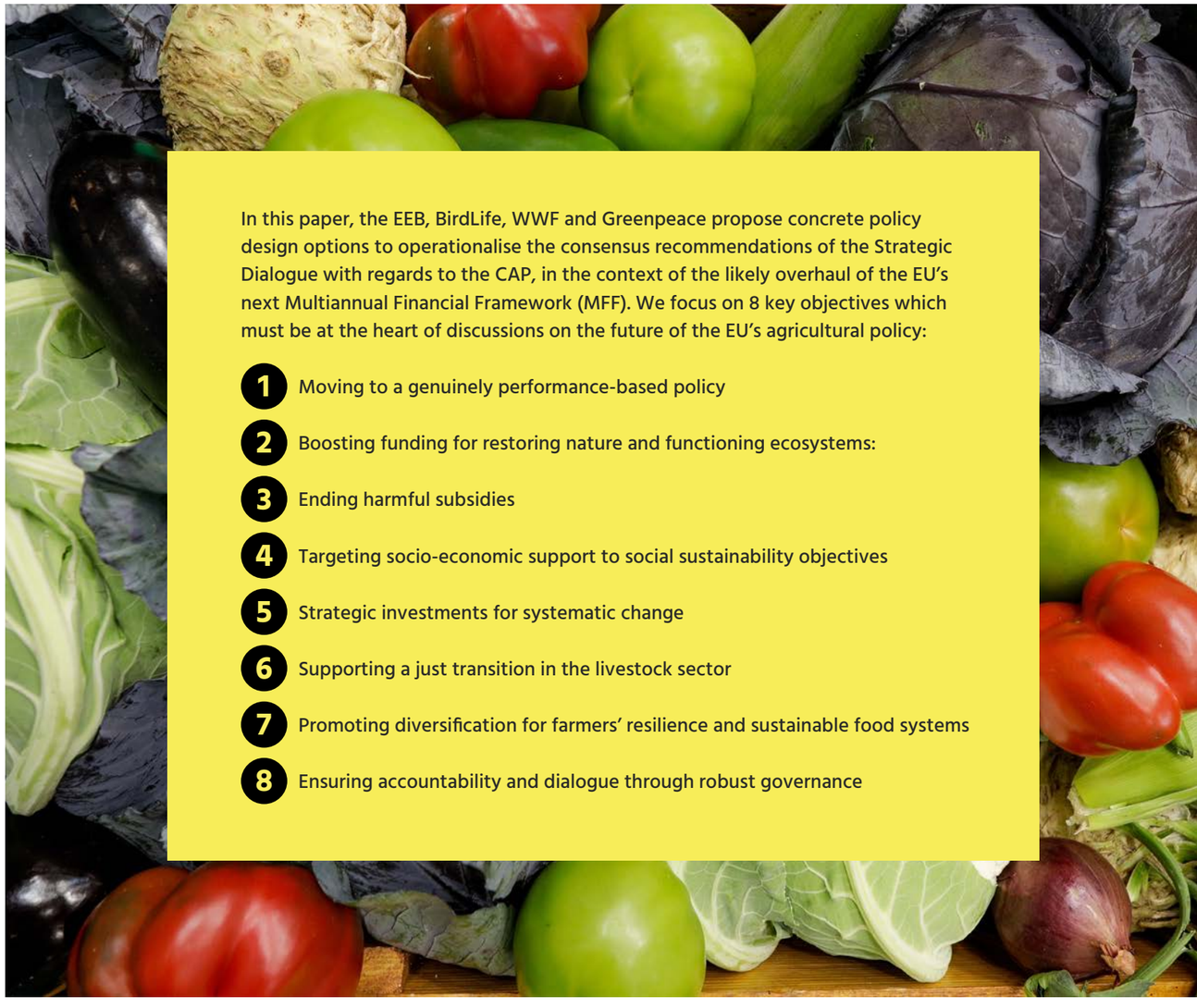
The environmental and social crises that Europe and the world face require political leadership to drive deep and rapid policy change addressing the root causes of our agricultural system's shortcomings, to build a fairer, more sustainable, and resilient society. The Green Deal objectives still represent the direction of travel as neither the climate nor the nature crisis have disappeared with the new political landscape.

Our food and farming system should be a top priority for action and must undertake a full transition to safeguard long-term food production and rural livelihoods. This requires a change in the very paradigm underpinning it, steering clear of false solutions and 'techno fixes' that fail to address the structural causes of the problem. Such a needed change is likely to entail costs, particularly for certain actors in certain sectors, but the costs involved in maintaining business-as-usual are several orders of magnitude bigger. This is the fundamental reason why Europe must design policies that define stable long-term goals and priorities and set in motion a just and fair transition, encouraging all actors involved to act while providing them with adequate support for the transition. The final report[11] of the Strategic Dialogue on the Future of EU Agriculture unanimously and rightly stated: "the time for change is now".

The EU's CAP has largely failed[12] several of its objectives. It failed farmers, who continue to leave the sector en masse[13] and are hit by one crisis after another. It also failed to address environmental issues, and in some cases even exacerbated them[14], thereby jeopardising our long-term capacity to produce food.

Despite promises, the 2023-2027 CAP has not retargeted spending[15] towards supporting a genuine transition to sustainable and resilient agriculture and is unlikely to address the failures of the previous CAP. The dominant subsidy scheme, area-based income support, is not an efficient tool to stabilise farming income[16] and continues to favour the largest farms, to drive land consolidation and habitat/land conversion (e.g. from wetlands or, from biodiverse grasslands to arable land), and to feed into high land prices, which slows down the generational renewal the sector desperately needs. Support for genuinely environmentally-friendly farming remains a small share of the total budget and its potential benefits are largely outweighed by the continuation of harmful subsidies (e.g. support for irrigation in water-stressed areas and support for production models with high external chemical inputs).

The EU urgently needs a Common Agricultural, Food and Land Stewardship Policy[17] to address these interlinked challenges through a publicly-supported just transition. A continuation of the CAP in its current shape, on the other hand, has no legitimacy. It would only worsen the crises facing the farming sector while further eroding societal support for public spending in agriculture.



In this paper, the EEB, BirdLife, WWF and Greenpeace propose concrete policy design options to operationalise the consensus recommendations of the Strategic Dialogue with regards to the CAP, in the context of the likely overhaul of the EU's next Multiannual Financial Framework (MFF). We focus on 8 key objectives which must be at the heart of discussions on the future of the EU's agricultural policy:

1. Moving to a genuinely performance-based policy
2. Boosting funding for restoring nature and functioning ecosystems:
3. Ending harmful subsidies
4. Targeting socio-economic support to social sustainability objectives
5. Strategic investments for systematic change
6. Supporting a just transition in the livestock sector
7. Promoting diversification for farmers' resilience and sustainable food systems
8. Ensuring accountability and dialogue through robust governance

1. Moving to a genuinely performance-based policy

The next Multi-Financial Framework (MFF) - for the period between 2028 and 2034 – is expected to revolve around three main principles: simplification, performance and policy-driven spending that focuses on the achievement of policy objectives rather than the management of funds.

This direction should also apply to the Common Agriculture, Food and Land Stewardship Policy that we are calling for. It is indeed crucial in times of limited resources and multiplying challenges that common money is spent effectively. The CAP currently absorbs nearly a third of the EU budget and has a very poor track record in delivering genuine progress on several of its objectives particularly those related to climate and environment, and in some cases has even supported actions that undermine them. It should not continue as business as usual, it would be disastrous for farmers, for the EU's chances of meeting its own sustainability objectives, and for the – already weak - legitimacy of this policy.

The proposed overhaul of the MFF presents an opportunity to strongly link the EU budget to a set of clear EU policy objectives and their achievement, that would drive all Member States in the same direction creating a level-playing field, rather than increasing fragmentation, and ensuring more coherence in EU spending. Such objectives should be based on EU environmental,climate, health and animal welfare targets, already set out in commonly agreed policies and legislation. EU funds for the agriculture and food sector should be released based on National Strategic Agri-Food Transition and Land Stewardship Plans which clearly address the sustainability challenges facing the sector and the measures proposed to address those.

All EU common spending should be governed by a strong performance framework, based on a set of high-quality impact indicators, monitored on a yearly basis to verify the achievement of milestones and targets.

Linking the disbursement of funds to performance would also contribute to improving the implementation and enforcement of environmental legislation, as committed by the Commission's Vision for Agriculture and Food. Funds should be disbursed when pre-established conditions have been met and suspended in cases of infringement or reduced when the objectives are not achieved.

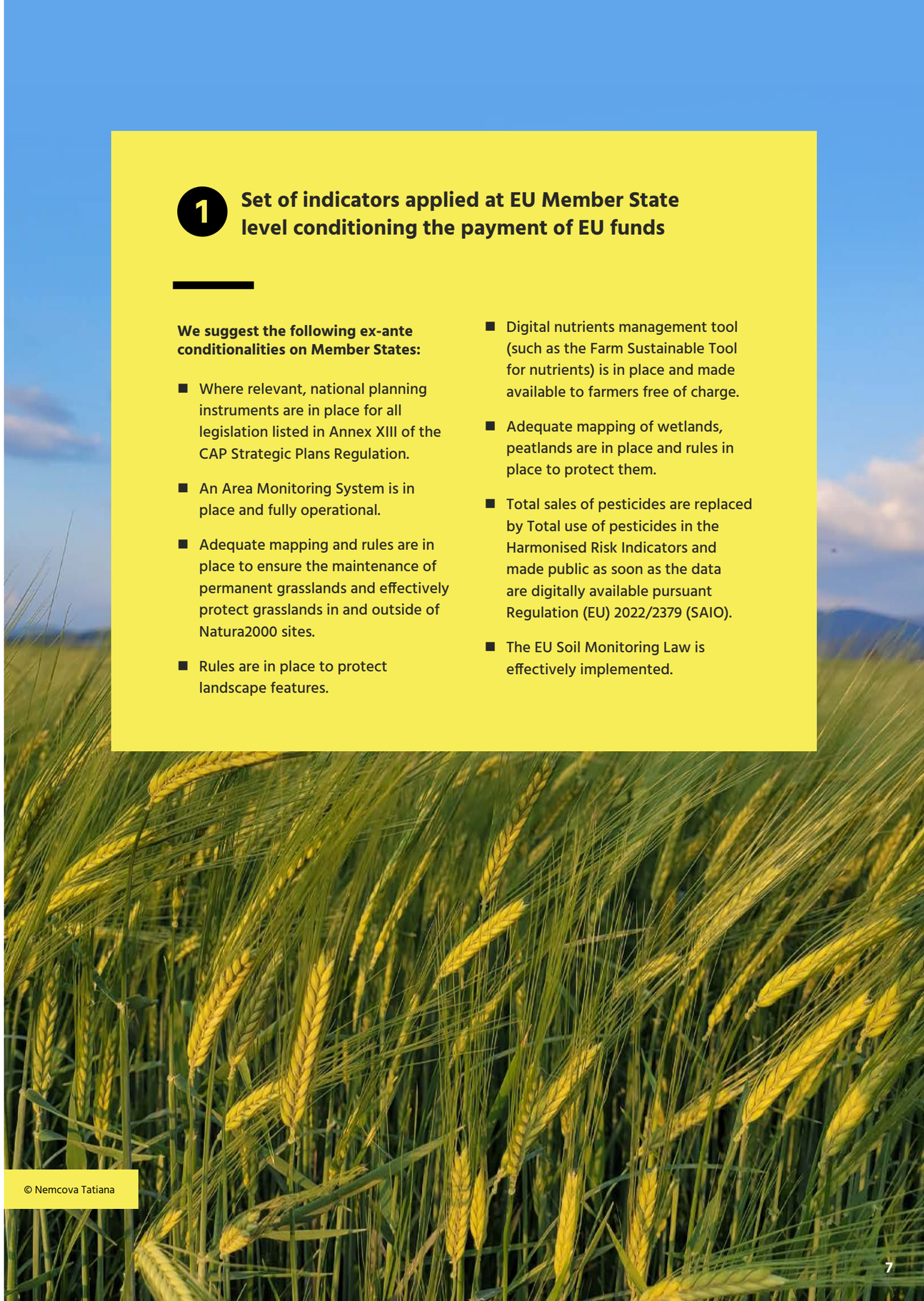
A strong performance framework should include the setting of conditionalities to be fulfilled by Member States as a prerequisite to receive EU public money from the MFF. The role of conditionalities is to contribute to the policy objectives, making sure that all Member States start from the same baseline of rules, thereby increasing their final convergence.

The proposal to increase flexibility for Member States in managing EU funds on the basis of pre-agreed reforms would require increased transparency and accountability mechanisms to ensure the adequate achievement of commitments (cf. section 9).

1 Set of indicators applied at EU Member State level conditioning the payment of EU funds

We suggest the following ex-ante conditionalities on Member States:

- Where relevant, national planning instruments are in place for all legislation listed in Annex XIII of the CAP Strategic Plans Regulation.
- An Area Monitoring System is in place and fully operational.
- Adequate mapping and rules are in place to ensure the maintenance of permanent grasslands and effectively protect grasslands in and outside of Natura2000 sites.
- Rules are in place to protect landscape features.
- Digital nutrients management tool (such as the Farm Sustainable Tool for nutrients) is in place and made available to farmers free of charge.
- Adequate mapping of wetlands, peatlands are in place and rules in place to protect them.
- Total sales of pesticides are replaced by Total use of pesticides in the Harmonised Risk Indicators and made public as soon as the data are digitally available pursuant Regulation (EU) 2022/2379 (SAIO).
- The EU Soil Monitoring Law is effectively implemented.



© Nemcova Tatiana

2 Measuring the achievement of EU policy objectives

We suggest the following Impact indicators:

- Share of agricultural area under restoration efforts or newly restored as per Articles 4, 10 and 11 of Regulation (EU)2024/1991 (Nature Restoration Law).
- Share of ground water stations with nitrates concentration under 50 mg/l as per Directive 91/676/EEC (Nitrates Directive).
- Share of surface water bodies with good status with regards to pesticides and nutrients as per Directive 2000/60/EC.
- Gross nutrients balance in agricultural area.
- Share of agricultural areas with good or improving soil quality.
- Share of agricultural area under severe erosion.
- Share of agricultural area/farmed animals managed through organic farming (or in conversion to organic farming).
- Share of organic products in the agri-food value chain.
- Share of land under full implementation of the 8 principles of Integrated Pest Management, in compliance with article 14 and Annex III of Directive 2009/128/EC (Pesticides Reduction Directive) and article 55 of Regulation (EC) No 1107/2009.
- Share of agricultural area under commitment for a 50%, 80% and 100% reduction of pesticide use and risk, based on a scientific robust pesticide use and risk indicator.
- Share of agricultural area under high-diversity landscape features.
- Share of Annex I semi-natural habitats of Council Directive 92/43/EEC in Favourable Conservation Status.
- Share of Annex I semi-natural habitats being under restoration of as per Article 4 of Regulation (EU)2024/1991.
- Farmland Bird Index reaches the levels set in article 11.3 of the Regulation (EU) 2024/1991 (Nature Restoration Regulation).
- Increase of abundance and diversity of pollinators as per Article 10 of Regulation (EU)2024/1991 (Nature Restoration Regulation)
- Decrease of greenhouse gas emissions from agri-food systems and related land use.
- Reduction in the Water Exploitation Index Plus in river basin districts with significant agricultural water use, with a target of remaining below 20%, in line with the Water Framework Directive (WFD) objectives on good quantitative status and ecological flow (Article 4).
- Alignment between consumption trends and national dietary guidelines.
- Number and average (physical) size of agricultural holdings.
- Number of young farmers and new entrants.
- Quantity (weight) of food lost or wasted.

© Holoskova Adriana

Following the rationale of a more effective and simpler MFF, all interventions under the Common Agriculture, Food and Land Stewardship Policy should be allocated according to the current rules in the European Agricultural Fund for Rural Development (i.e. funding should be multi-annual by default, (with the possibility to programme annual measures where justified) and national co-financing should be required for all interventions. Finally, the modernisation of the Integrated Administration and Control Systems (IACS) should also be accelerated in order to reduce administrative burden on both Member States and farmers.

As described in the following sections, we see three main types of measures in our proposed policy corresponding to the three big challenges facing the agri-food sector:

- Social measures that would take the form of income support payments conditioned to farmers who need it the most
- Environmental measures that would reward nature- and climate-friendly farming, beyond the basic environmental legislation.
- Investment and Just Transition measures that would derisk the fundamental changes that farmers and food producers have to make to build the environmental resilience and sustainability of their farms.

These measures can be funded through various programmes and funding streams. The environmental measures would tap into nature funding that is ringfenced across the MFF and national envelopes (see below).

2. Boosting funding for restoring nature and functioning ecosystems

In light of the major funding gap for nature and of the rapidly increasing degradation of our natural environment, threatening our productivity and well-being, increasing the quantity and quality of funding for nature must be a top priority for the next MFF.

© Jiri Fejkl

Irrespective of how funds are structured, a minimum €35 billion annually must be earmarked across the MFF and across national envelopes for measures protecting, maintaining, and restoring nature. This is essential to ensure that EU countries deliver on our collective nature and biodiversity objectives, including by incentivising farmers and other land managers to manage land in ways that protect and restore nature. Well-preserved nature and environment are crucial to ensuring long-term prosperity, well-being, and societal security[18]. This earmarking should also be reflected in all policy-related National Plans.

Substantial retargeting of public funding towards farming, based on agroecological principles supporting resilient ecosystems, quality of soil and water and water availability, is in the interest of farmers, whose long-term ability to produce food depends on these factors. In addition, well-designed and adequately funded environmental payments would provide farmers and other land managers with a reliable and predictable income, while delivering clear benefits to society as a whole. This system of incentives should be grounded in the strengthened enforcement of existing legislation in the areas of environmental protection, climate action, animal welfare, and labour law.

The Agriculture, Food and Land Stewardship Policy should allow Member states to design environmental payments that best suit their national, regional, and local conditions. The inclusion of such schemes in their national plan must be mandatory for Member States and a strict 'no backtracking' principle should ensure that the amount of money dedicated to environmental measures after 2027 is at least equivalent to the current period. The budget should increase substantially year on year over the next two programming periods, as unanimously recommended by the stakeholders in the Strategic Dialogue. At the same time, it must be ensured that the "packages" developed by EU countries contribute to the EU's environmental and climate targets and are supported by indicators such as those presented in BOX 1.

Increase enabling conditions for more result-based payments, improve action-based and hybrid payments

Basing payments on management actions has been the most common approach used under the CAP, and it can work well when there is a clear link between an action and the desired result, so it should be continued. However, it can be rigid and not tailored to local conditions. Since it requires land managers to follow prescribed actions, it does not always stimulate enrollment for the schemes and higher levels of environmental outcomes. This can be addressed through appropriate design and high-quality advisory services that help farmers achieve the best environmental outcomes aligned with their farming practices, within the framework of the scheme. Result-based payments offer more flexibility to land managers and, provided that suitable outcome indicators and effective control and verification systems are in place, they can stimulate an increase in environmental outcomes. For this reason, the next CAP should support Member States to significantly improve the conditions for the implementation of result-based schemes such as sufficient investment in independent, high-expertise advisory services, data collection, research for more efficient and affordable monitoring tools, and adequate information systems is needed. Hybrid schemes (action- and result-based with a performance bonus) might, in some cases, be an attractive option to farmers and authorities, as they mitigate the risk of losing payment for non-achievement and can be applied where the cost of implementation and monitoring of result-based schemes are too high. There is no clear preference from farmers regarding "what they are paid for", which is partially explained by heterogeneity in farms' structural characteristics and ecological conditions.[19]

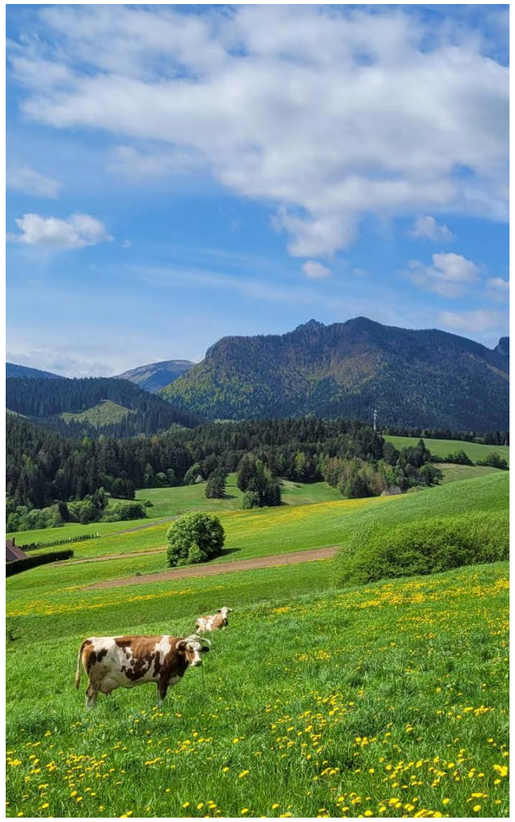
Include incentive elements in premia and bonuses to incentivise higher environmental outcome

According to research, the financial attractiveness of a scheme is, together with its fit for farming activities, a key factor motivating farmers to participate. Calculating premia on the basis of income forgone and additional costs has its limitations and often does not result in premia that would attract farmers, in particular in case of schemes that require more substantial changes in practices. This approach is also not well suited to low-intensity farming systems that already deliver high environmental value (such as HNVF), where the limited market income means that compensation based on income forgone does not reflect the true effort and societal benefits of maintaining such sustainable practices. For example, in the case of grasslands of high environmental value, environmental payments should incentivise farmers to refrain from conversion to cropland. The current CAP provided the possibility to include a top-up payment in case of eco-schemes, but this option has only been used to a limited extent. In order to incentivise actions that deliver greatest environmental benefits on a sufficiently large scale, the payment should include an incentive element and be profitable to farmers. The payments should be differentiated according to regions and, when the scheme is expected to significantly reduce production, also include an opportunity cost element, which is a precondition of ensuring participation in voluntary environmental measures also in high-output regions.

The policy should support and incentivise the implementation of environmental schemes beyond individual farms, promoting catchment or a landscape-level approach. This can be achieved by fostering the development of local and regional implementation plans and supporting collective implementation of the schemes. Such implementation can reduce the burden on individual farms substantially. Technical and financial assistance, including special bonuses for landscape-scale implementation, should be provided to encourage participation.

Prioritise long-term land management contracts while allowing flexibility for short-term ones

Delivering environmental benefits for habitats, species, climate, or soil requires long-term changes in land use, so five-year contracts should be the norm. However, there should be flexibility to accommodate longer (eg. for rewetting) or shorter contracts under certain circumstances.



Toolbox of approaches for the design, with strong link to the objectives and indicators

Member states should have the flexibility to design environmental payments in a way that best suits their national and regional context and administrative conditions, while ensuring that the packages offered to farmers are likely to achieve the desired environmental or animal welfare outcomes through a robust performance framework at policy level (cf. section 1). Possible approaches include:

- Whole-farm schemes with a suite of measures aimed at delivering environmental outcomes across multiple areas (biodiversity, soil, inputs - pesticides and fertilisers reduction, etc.) while covering all land uses on a farm. An example of this model represent eco-schemes implemented in Czechia and Slovakia,
- Menu and Point-based models, as they allow farmers to tailor their environmental actions. An example of this approach is the eco-scheme implemented in the Netherlands, which uses a three-tier points system. To qualify, farms must earn a specified number of points across five key environmental protection goals.
- Single/stand-alone scheme -This approach is the most common in the current CAP (eco-schemes or ENVICLIM) - where a scheme is defined by a set of prescribed actions and is accompanied by a fixed premium per hectare.

The policy must provide mechanisms for designing and implementing schemes that are both practical and attractive to farmers. At the same time, it is essential to ensure value for public money, so mechanisms must be in place to guarantee that the schemes offered to farmers deliver genuine environmental impact, with those delivering the highest environmental impact being specifically incentivised or promoted to encourage uptake.

Left: © Nemcova Tatiana
Top Right: © Janine Muenger
Bottom Right: © ABS Natural History

Effective baseline

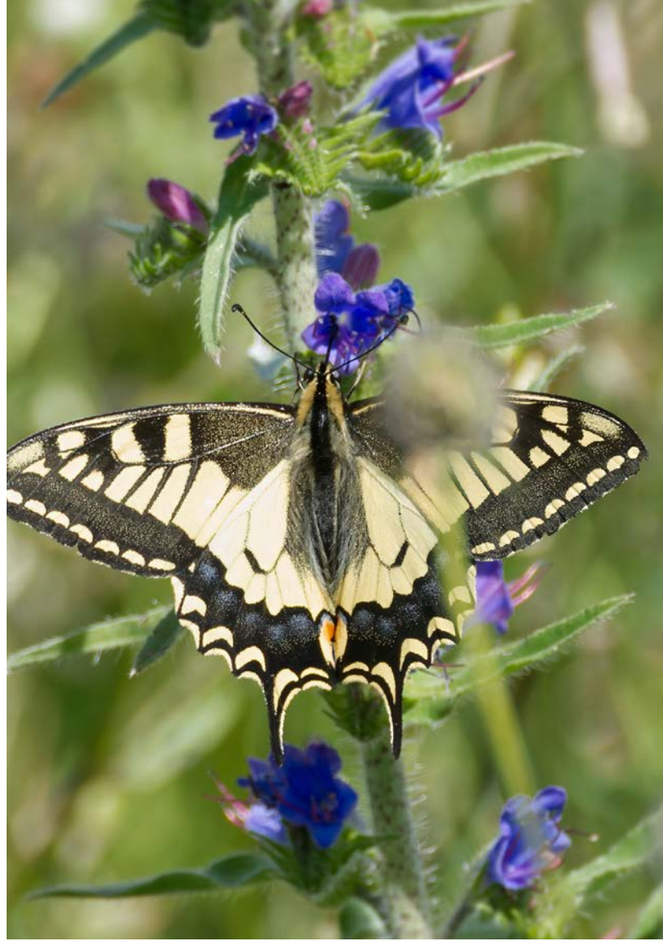
An effective regulatory baseline is essential to provide the foundation upon which incentives can be built. It should consist of EU acquis in the areas of environment, climate, animal welfare, and labour law. Stronger enforcement is a matter of fairness and serves the interests of both farmers and society as a whole. Therefore, breaches of EU or national legislation should be penalised, and repeated offending should lead to individuals or legal entities being barred from receiving public funding.

Additional safeguards are needed by incorporating a 'do no harm' baseline in the regulation governing EU spending, including agricultural spending, such as preserving permanent grasslands, protecting peatlands and wetlands, and maintaining landscape features. These rules should be applicable to all farmers receiving public funding and their non-compliance should lead to financial penalties. The unintentional nature of errors should be taken into account during controls and good advisory systems should motivate farmers for better results next time.

Monitoring and evaluation are essential for effective policy

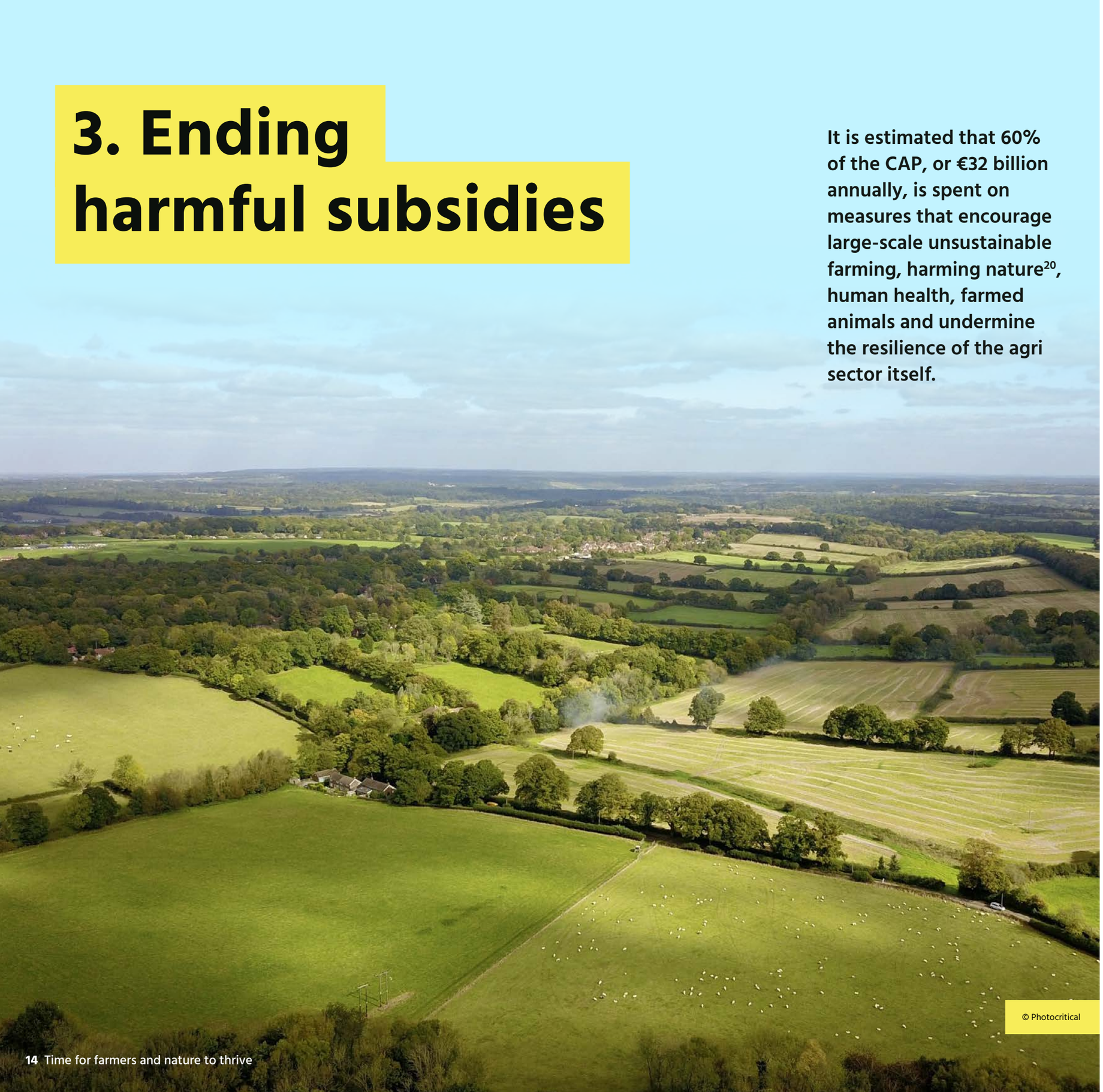
Investment in monitoring and evaluation is crucial for ensuring continuous and iterative improvements to the schemes and assessing their effectiveness. Monitoring should be an integral part of any scheme, supported by a dedicated budget and assigned to independent research institutes or academics with both raw data and results made public. Incorporating experimental design into schemes could be done by including control plots or farms where measures have not been applied to assess their impact.

One area of concern in the current CAP is the 'lost' funds associated with poor scheme design and low scheme application by farmers or non compliance. While the former should be tackled primarily through better design, the latter could be addressed by allowing money withheld to be recycled towards compliant farmers in the same Member State. This would also create more incentive for enforcement .



3. Ending harmful subsidies

It is estimated that 60% of the CAP, or €32 billion annually, is spent on measures that encourage large-scale unsustainable farming, harming nature[20], human health, farmed animals and undermine the resilience of the agri sector itself.



© Photocritical

In a context of scarce public resources and rapidly worsening environmental crises, this situation is unacceptable and must be addressed as a matter of utmost urgency. To do so, in addition to robust conditionalities on both Member States and beneficiaries (as detailed in section 1 and 2), a common, science-based exclusion list defining environmentally harmful activities that cannot be funded under the EU budget should be established, including at least the following:

- Investments and any other subsidies to support intensive animal rearing[21], notably in nutrient pollution hotspots, unless the investment will lead to a substantial reduction in animal numbers and translate into a substantial reduction in nitrogen and methane emissions.
- Investments in irrigation systems in areas where ground and surface water bodies are in a less than good status for either quantity or quality reasons, or which may jeopardise existing good conditions.
- Drainage schemes, river canalisation, embankments or other infrastructure that degrades river morphology, disrupts natural flow or disconnects floodplains, as these undermine the WFD objectives and contribute to biodiversity loss and increased flood risk.
- Afforestation with invasive, non-native species or monoculture plantations.
- Coupled income support.
- Conversion of wetlands or grasslands into agricultural area and arable land respectively, especially in nature protection areas.

Coupled income support is an archaic measure that should be removed from the toolbox altogether, as it is known to have negative environmental impacts[22] and market-distorting effects[23]. While some valuable production models (e.g. extensive grazing) do need additional financial support to be economically viable and increased domestic production of some crops (e.g. fruit and vegetables, legumes for human consumption) is needed, this should be done through targeted instruments (cf. sections 5 and 6) rather than through production subsidies, which risk promoting harmful monocultures or intensive animal rearing.

© Niall F

4. Targeting socio-economic support to social sustainability objectives

The Strategic Dialogue unanimously agreed on a vision for the future in which "farmers receive a decent income from their production and all actors of the agri-food value chain benefit from fair prices".

In this light, it called for "impactful action to boost transition pathways for the agri-food sector which are based on environmentally responsible practices, fair commercial relations, and decent incomes and profitability". This makes it clear that action is necessary outside the EU's agricultural subsidy policy to address farmers' incomes. The Vision for Agriculture and Food articulated a farmers' income policy based on three pillars: a "fair and equitable food chain"; "fairer and better targeted public support"; and new income streams "leveraging the opportunities of innovation that rewards", such as organic farming, carbon farming, or agri-environmental schemes.

When it comes to public income support, the Strategic Dialogue called for a deep reform of the CAP that exclusively targets socio-economic support towards active farmers and land managers who need it the most. The direction of travel, over two programming cycles, must be a complete phase out of area-based income support. Indeed, it is high time to repurpose the untargeted and sometimes harmful area- and production-based income support payments. These tools have contributed to the ongoing environmental crisis, notably by driving land consolidation and the unsustainable intensification of agriculture. This in turn has led to the increased use of agro-chemicals and removal of natural landscape features, resulting in less diverse landscapes with lower biodiversity. This has a direct impact on the resilience of these systems in the face of extreme climate events. In parallel, it has contributed to the draining of wetlands and conversion from biodiverse grasslands to intensive grasslands or arable land, again reducing the diversity and resilience of our environment.

Income support has also clearly failed to effectively stop the exodus from the sector, with farm numbers dropping significantly in the last decades, notably amongst small farms[24]. With many farmers still struggling to make a living and huge inequalities in farmers' incomes[25], it is clear that hectare-based income support is not effectively delivering the livelihood objective set out in the Treaty on the Functioning of the European Union (TFEU) which aims to "ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture". Large-scale landowners, and more profitable, high-emission farms receive disproportionately larger payments, while climate-friendly and biodiversity-rich farming regions receive minimal support. As a result, current CAP spending worsens income inequality within the agricultural sector[26]. Farmers' standards of living are further affected by the distorting, price-lowering effect of income support on the value of agricultural goods'[27]. Furthermore, by feeding into high land prices[28], area-based income support also negatively impacts generational renewal, which the sector desperately needs[29].

The Vision for Agriculture and Food states that the CAP support *"should be further directed towards those farmers who need it most, with a particular attention to the farmers in areas with natural constraints, young and new farmers, and mixed farms."* Defining carefully "who needs it most" is critical. In the longer term, robust, data-based criteria should be developed by "an independent task force composed of social policy, economic and agronomic experts" as called for by the Strategic Dialogue.

For the next programming period, starting a substantial transition away from indiscriminate area-based income support should be a priority, alongside ending all harmful subsidies and boosting environmental payments.

Providing an income "safety net"

When shifting away from one system to another, it is critical to have a transition period and a long-term vision to ensure visibility and a smooth transition. Furthermore, in a context of extreme budgetary pressures and rising inequalities, a key priority should be to eliminate direct income support for those who clearly do not need it. We therefore propose a two-step approach over the next two seven-year periods.

In the 2028-2034 period, we propose to start by excluding farms that are clearly not in need from receiving Basic Income Support for Sustainability (BISS) and we call on the European Commission to develop the exclusion criteria, notably by looking at median national farm incomes. For those that continue receiving BISS, there should be a strict mandatory capping of BISS that should be implemented at a level also defined according to the median national farm incomes in each Member State. This system should be designed to support the social sustainability of the CAP and valorise the multifunctionality of agriculture in marginal rural areas. This will serve three purposes. First, it will ensure a fairer distribution of income support that is relevant with the different Member States' realities. Second, it will liberate funding for the transition and other measures in the Agriculture, Food and Land Stewardship Policy highlighted in the other sections of this document. Thirdly, it will enable the development of a new methodology for income support based on other metrics than farm area and enable the gathering of relevant data for the next phase.

Maintaining the social fabric of rural areas

There is a strong consensus in the EU on the importance of improving the vitality of rural areas, which requires protecting and enhancing the social fabric of rural areas, in particular through the maintenance of numerous small and medium-sized agricultural holdings as well as the support of their multifunctionality. However, these have been reducing in number over the past decades, which highlights the inadequacy of current socio-economic instruments in the CAP. There is therefore a role for the Common Agricultural, Food and Land Stewardship Policy to play in supporting the continuation of such farming models through more attractive small farmers' schemes and better targeted measures to prevent land abandonment.

To improve small farmers' schemes, best practice examples from Member States should be mainstreamed, such as lump sum payments with low administrative burden. Furthermore, evidence shows that payments for Areas with Natural Constraints have in some cases driven intensification and are therefore not fit for purpose[30]. A much more targeted scheme should be designed for supporting farming systems that deliver important environmental and social services, as well as wider public goods and that are at risk of abandonment or change due to land use (smaller-scale holdings on more marginal land, often in remote areas, using the least intensive practices, and rich in environmental and cultural value).

© James Morgan, WWF

Supporting new entrants

Structural issues hindering the access to the sector to new actors should be addressed. Some of the elements that can be tackled by institutions are the following:

- Including in the new Common Agriculture Food and Land Stewardship Policy mechanisms to facilitate the access to investments and private loans for young farmers and new entrants, such as guarantee instruments or risk-sharing loans.
- Improving access to land by:
  - Phasing out hectare-based direct income support, which can contribute to increasing the price and rents of land and thus making it more difficult for newcomers to access or for those who wish to expand their farms[31]
  - Improving data transparency in land planning and ownership by creating a EU Land Observatory.

5. Strategic investments for systematic change

All investments under the new policy should function as support for transition to sustainable farming grounded in the principles of agroecology, helping farmers shift toward more sustainable and resilient farming systems. Such investments should also enhance farmers' ability to absorb economic and environmental shocks, mitigate risks associated with climate change, and contribute to the stability of their livelihoods against future uncertainties.

In particular, these should include investments in:

- Agro-ecological infrastructure on farms such as hedges, groups of trees, ponds, pollinator friendly areas - enhancing ecosystem services and increasing the overall resilience of farming systems to climate and environmental pressures.
- Measures supporting the use of solar and wind energy (although avoiding land use change in the case of solar energy production) and reduced, efficient, and circular use of natural resources.
- Monitoring systems - empowering farmers with data (soil, water, nutrients) to make informed decisions, improve resource efficiency, and adapt practices to changing environmental conditions.
- Low-impact, multifunctional machinery that supports agroecological practices such as minimal soil disturbance, intercropping, and mechanical weed control; as well as technologies equipped with sensors or detection systems to avoid harming wildlife, such as ground-nesting birds or small game,during field operations.
- Housing modifications/restructuring that both supports the adoption of high-welfare housing systems with outdoor access and species-appropriate care practices, as well as improves environmental conditions, including the reduction of greenhouse gas emissions, as well as air and water pollution (provided that they don't reinforce the reliance on intensive indoor housing systems).
- Processing facilities that support protein diversification and greater EU production and consumption of wholegrains and pulses.
- Measures that facilitate coexistence with large carnivores in extensive pastoral systems, including non-lethal protection methods such as predator-proof fencing, livestock guardian dogs, and adaptive grazing practices
- Investment in short supply chains and supporting infrastructure to strengthen local markets, improve local farm incomes, revive the rural areas, and reduce environmental and social impacts linked to long-distance transport and retail
- Personal services provided by social agriculture practices in marginal rural areas, such as outdoor educational services for children, cohousing services for the elderly, support for people with disabilities, including through the promotion and support of community cooperatives.

Systemic change in the agriculture sector can only occur if farmers are adequately supported throughout the transition. From this perspective, it is essential that Member States invest in and create the enabling conditions (starting with the reform of agricultural school curricula) for the development of high-quality, independent advisory services equipped with deep knowledge of agroecological principles, and farming methods supporting biodiversity and transition pathways. These advisory systems must go beyond ensuring regulatory compliance; they should act as proactive agents of change, guiding farmers towards agroecological practices and helping them access the support and resources needed to successfully implement these approaches on their farms. It is equally important to support farmer-to-farmer networks and knowledge-sharing platforms that enable the exchange of practical experience, locally adapted solutions, and best practices related to agroecology and giving farmers the confidence to take new paths when they see these approaches working in similar contexts.

6. Supporting a Just Transition in the livestock sector

© Nemcova Tatiana

The EU livestock sector is facing a series of interconnected challenges stemming from its vulnerability to economic and climate shocks, the impact of emerging infectious diseases, and a trend that sees smaller and mixed farms disappearing at a fast pace.

In addition, the sector significantly contributes to climate change, the collapse of biodiversity, animal welfare issues, soil, air and water pollution, as well as health related impacts as it fosters unhealthy dietary habits, and the use of antibiotics and spread of zoonotic diseases. Moreover, intensive livestock production relies on the intensive production of cereals and soy – which are used to feed the animals – leading to serious environmental problems and vulnerability due to heavy reliance on protein crop import[32]. The impacts of the livestock sector are felt both within the EU and beyond its borders.

A structural transformation of the livestock sector is therefore essential, particularly focusing on the reduction of animal numbers in areas of unsustainably high densities. This should be accompanied by policy measures encouraging and supporting the transition towards more extensive animal farming systems. This is a major element that the Common Agricultural, Food and Land Stewardship Policy will have to carefully consider for both climate and environmental reasons, as well as to align with widespread dietary recommendations.

The Strategic Dialogue agreed that the livestock sector represents an important and diverse part of European agriculture and that "it is essential to support [it] in its transition towards greater sustainability and the management of negative externalities, while recognising and accelerating the efforts already made". The Common Agricultural, Food and Land Stewardship Policy must therefore provide effective tools to address both the positive and negative externalities of the sector.

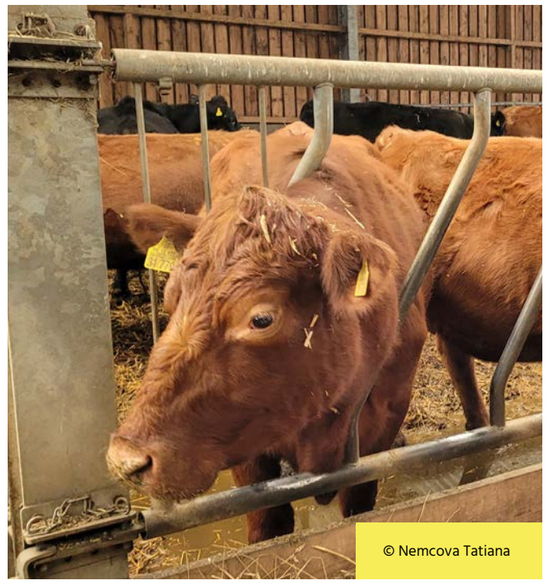
As the EU livestock sector is diverse, varying quite substantially across regions, it is key to adopt a territorial approach that carefully considers the unique characteristics of different agricultural systems. All stakeholders involved in the Strategic Dialogue clearly agreed on this, stressing that "in areas of high concentration of livestock with environmental impact, long-term solutions need to be locally developed,... the territorial approach should not only be based on GHG emissions, but also take into account other environmental ambitions that are not being met." Strategic Dialogue stakeholders urge to use public funds to accompany farmers through the necessary transition. A temporary Agri-food Just Transition Fund will be essential to provide farmers with a concrete possibility to transition, meeting the challenges specific to their region. As stressed by the stakeholders in the Strategic Dialogue, such a Fund would offer "financial assistance for farm transformation, access to new equipment, support for new businesses in rural areas, voluntary buy-out schemes, and up- and reskilling programmes to transition to alternative production systems."This is particularly important in territories with high concentrations of livestock, where animal numbers exceed the carrying capacity of the local environments leading to grassland degradation, nitrogen and phosphorus overload to aquatic ecosystems, harmful ground-level ozone formation caused by methane emissions, and problems with water extraction in arid regions.

Considering the relevance of animal husbandry also from a cultural and social point of view, policy instruments must encourage in particular the maintenance and the sustainable management of grasslands and the shift from intensive to extensive rearing and grassland-based ruminant systems, by incentivising farmers to provide animals outdoor access and grazing for as long as possible during the year, as well as more space and enrichment for animals (while inside stables), and to gradually reduce their livestock numbers to sustainable stocking densities that are aligned with the environments carrying capacity, with the necessary financial support.

Pioneering farmers that transition early to higher welfare standards that will become statutory requirements, such as the ban on cages, should be rewarded for their efforts accordingly.

Targeted CAP payments should support animal farms that either adopt measures to transition towards fewer animal numbers, transition towards more extensive grazing systems or maintain the existing ones, and/or minimise – and where possible eliminate – the use of antibiotics, starting from those essential for treating human diseases. An increase in livestock numbers should only be supported when necessary to maintain High Nature Value (HNV) pastures and meadows listed in Annex I of the Habitats Directive and the Natura 2000 network, and/or to sustain grazing-dependent landscape features and species habitats. Eligibility for payments from the new policy should require compulsory pasture rotation, implemented through site-specific grazing plans that are directly linked to appropriate livestock density and vegetation and guidance/training from independent experts.

It is essential that CAP support for livestock farming systems is differentiated according to their negative and positive externalities. For this reason, extensive livestock systems based on grazing should be promoted and receive specific support, those that adopt agroecological approaches with higher animal welfare standards and that carry out their activities in areas with high biodiversity value. Livestock systems with high labour intensity like pastoralism should also be supported via adequate instruments in line with the ecosystem and social services they restore and maintain. This would also require a more careful consideration and monitoring of the specific positive externalities provided, of the lower productivity levels that these systems entail, and the need to apply criteria for the distribution of payments adapted to the specific characteristics of systems that do not operate on owned or rented land. Extensive livestock systems should be specifically supported through targeted measures that facilitate coexistence with large carnivores, including investments in non-lethal protection methods such as predator-proof fencing, livestock guardian dogs, and adaptive grazing practices.



© Nemcova Tatiana

7. Promoting diversification for farmers' resilience and sustainable food systems

© Msfrafixx

The Vision for Agriculture and Food rightly recognises the urgent need to increase the resilience of the agri-food sector "to be able not only to withstand and recover from shocks but also to adapt and transform". It also sets the objective for the sector to function within planetary boundaries and in line with the One Health approach. Diversification is key to increase resilience, sustainability, and health.

Increasing the genetic and crop diversity at field and landscape levels can greatly contribute to mitigating the impacts of extreme weather events. Long and diverse crop rotations are a tried-and-tested approach to improving soil health and preventing pests and diseases: they reduce farmers' reliance on external inputs, and consequently their vulnerability to input price volatility. There is also strong scientific consensus that European diets are too low in fruit, vegetables, wholegrains, and pulses[33], which highlights the need to boost the production of these foods for human consumption. In sum, both farmers and consumers could benefit from a much greater diversity of crops being produced throughout the EU.

However, there are clear obstacles to farmers introducing new crops, especially less common ones (such as quinoa, buckwheat, or lentils), into their production model, which must be addressed by public policies targeting production, processing, and consumption..

First, it is key to de-risk the transition, for example through investment support as well as schemes supporting long and diverse crop rotations or intercropping. Coupled support, on the other hand, is not well suited to supporting increased production of specific crops in a way that also harnesses the win-wins of diversification described above. Facilitating knowledge sharing among farmers on these new opportunities, and ensuring access to independent advice is also key.

Second, bottlenecks in processing must be addressed, which requires public investment in facilities able to process varying quantities of these "less common" crops. This could help secure more added value at farm or local level, a key aspect to boosting the vitality of rural areas.

Third, actions to boost supply must go hand in hand with actions to address demand by shaping enabling food environments. The stakeholders involved in the Strategic Dialogue unanimously called for an EU Action Plan on Plant-Based Foods, and the Vision announced a new comprehensive plan on proteins. Both are needed and must take a whole value chain approach. In addition, public procurement and the EU agri-food promotion policies should be aligned with dietary recommendations and play a key part in driving increased consumption of wholegrains, fruits, vegetables, and pulses while adopting a "less and better" approach to animal products.

Finally, diversification should be at the heart of risk management policy. Agroecology[34], including organic farming, diversification[35] and nature-friendly farming[36] are proven approaches to increase the agronomic and economic resilience of farms. The current focus on coping with crises ex-post is quickly becoming unviable as the costs of climate, sanitary, and economic crises skyrocket. A stronger focus on risk management is needed in the new policy and must first and foremost be focused on preventing the adverse impacts of such shocks by increasing the economic and agronomic resilience of farms. The Common Agricultural, Food and Land Stewardship Policy must do so by supporting investments and appropriate land management that improve farmers' capacities to absorb shocks, adapt, and transform, both preventively and in response to shocks.

8. Ensuring accountability and dialogue through robust governance

The Strategic Dialogue introduced a new approach to developing agricultural policy aiming at decreasing polarisation. Its principles, which include collaboration and direct in-depth discussions between stakeholders, and not just between Institutions and stakeholders, must be replicated when developing future agri-food policies.

© Nemcova Tatiana

This should be complemented through rigorous and credible public consultations where scientific evidence must be considered. Furthermore, it will be critical to ensure that the European Commission has a strong control on EU funds going to agriculture, nature and biodiversity, and that this includes the authority to effectively block funding for harmful, inefficient, or poorly designed schemes. If Member States cannot demonstrate proportional efforts to address environmental challenges and ensure compliance with EU environmental laws when it concerns agricultural impacts on the environment, National Plans should not be approved.

The current governance framework of the CAP does not reflect this new model of working. It is dominated by large farm interests and lacks meaningful involvement from environmental, social, and public health authorities. This is inadequate for addressing today's challenges and must be reformed at both the EU and national levels, as food, agriculture, and land-use policies reflect broader societal needs. Environment ministries should therefore be in charge of funds earmarked for nature and biodiversity, including when these apply to agriculture.

To ensure EU funds truly deliver on the ground, the partnership principle must be meaningfully embedded across all funding instruments. In shared management programmes, increasing operational expenditure is key to strengthening the capacity of managing authorities. At the same time, the European Commission should step up its use of technical support tools to provide targeted expertise and promote peer learning in managing authorities.

Finally, improving transparency is essential for more effective and equitable governance of the future policy. Currently, opaque reporting systems and limited public access to data hinder accountability and allow disproportionate influence from vested interests. To address this, detailed information on EU payments should be published uniformly across all Member States and be accessible via EU portal. Additionally, reporting on the policy's contribution to EU objectives should be public, easily accessible and understandable to ensure that public funds deliver measurable and accountable benefits. Strengthening and supporting independent auditing mechanisms – such as by providing raw data to research institutions – would enhance oversight and help build public trust in the allocation and use of agricultural subsidies.

References

[1] European Investment Bank. (2025). Insurance and Risk Management Tools for Agriculture in the EU. https://www.fi-compass.eu/sites/default/files/publications/EAFRD_AGRI_Insurance_Risk_MA.pdf

[2] Rigal, S. et al. (2023). Farmland practices are driving bird population decline across Europe. *Proceedings of the National Academy of Sciences,* 120(21). https://doi.org/10.1073/pnas.2216573120.

[3] European Environment Agency. (2022). Annual European Union greenhouse gas inventory 1990–2020 and inventory report 2022. Submission to the UNFCCC Secretariat (Ser. EEA/PUBL/2022/023). https://www.eea.europa.eu/en/analysis/publications/annual-european-union-greenhouse-gas-1.

[4] European Environment Agency. (2019). The European environment — state and outlook 2020 Knowledge for transition to a sustainable Europe. https://www.eea.europa.eu/en/analysis/publications/soer-2020.

[5] HELCOM. (2022). Pollution load on the Baltic Sea. Summary of the HELCOM Seventh Pollution Load Compilation (PLC-7). https://helcom.fi/wp-content/uploads/2023/01/Summary-of-the-HELCOM-seventh-pollution-load-compilation-PLC-7.pdf

[6] European Environment Agency. (2019). The European environment — state and outlook 2020 Knowledge for transition to a sustainable Europe. https://www.eea.europa.eu/en/analysis/publications/soer-2020

[7] European Commission. Group of Chief Scientific Advisors and Directorate-General for Research and Innovation. (2020). Towards a sustainable food system – Moving from food as a commodity to food as more of a common good – Independent expert report, Publications Office. https://data.europa.eu/doi/10.2777/282386

[8] ECI 'End the Cage Age'. https://food.ec.europa.eu/animals/animal-welfare/eci/eci-end-cage-age_en

[9] ECI "Save bees and farmers!". https://ec.europa.eu/commission/presscorner/detail/en/ip_23_2084

[10] FAIRR.Calling on the G20 Finance Ministers to repurpose their agricultural subsidies in line with climate and nature. https://www.fairr.org/investor-statements/g20-agricultural-subsidies

[11] *Strategic Dialogue on the Future of EU Agriculture. A shared prospect for farming and food in Europe.* (2024). https://agriculture.ec.europa.eu/document/download/171329ff-0f50-4fa5-946f-aea11032172e_en?filename=strategic-dialogue-report-2024_en.pdf

[12] *Pe'er, G. et al.* (2020). *Action needed for the EU common agricultural policy to address sustainability challenges.* People and Nature, 2(2), 305–316. https://doi.org/10.1002/pan3.10080

[13] *EUROSTAT. Farms and farmland in the European Union - statistics.* https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Farms_and_farmland_in_the_European_Union_-_statistics#The_evolution_of_farms_and_farmland_between_2005_and_2020

[14] Pe'er, G. *et al* (2020). *Action needed for the EU common agricultural policy to address sustainability challenges.* People and Nature, 2(2), 305–316. https://doi.org/10.1002/pan3.10080

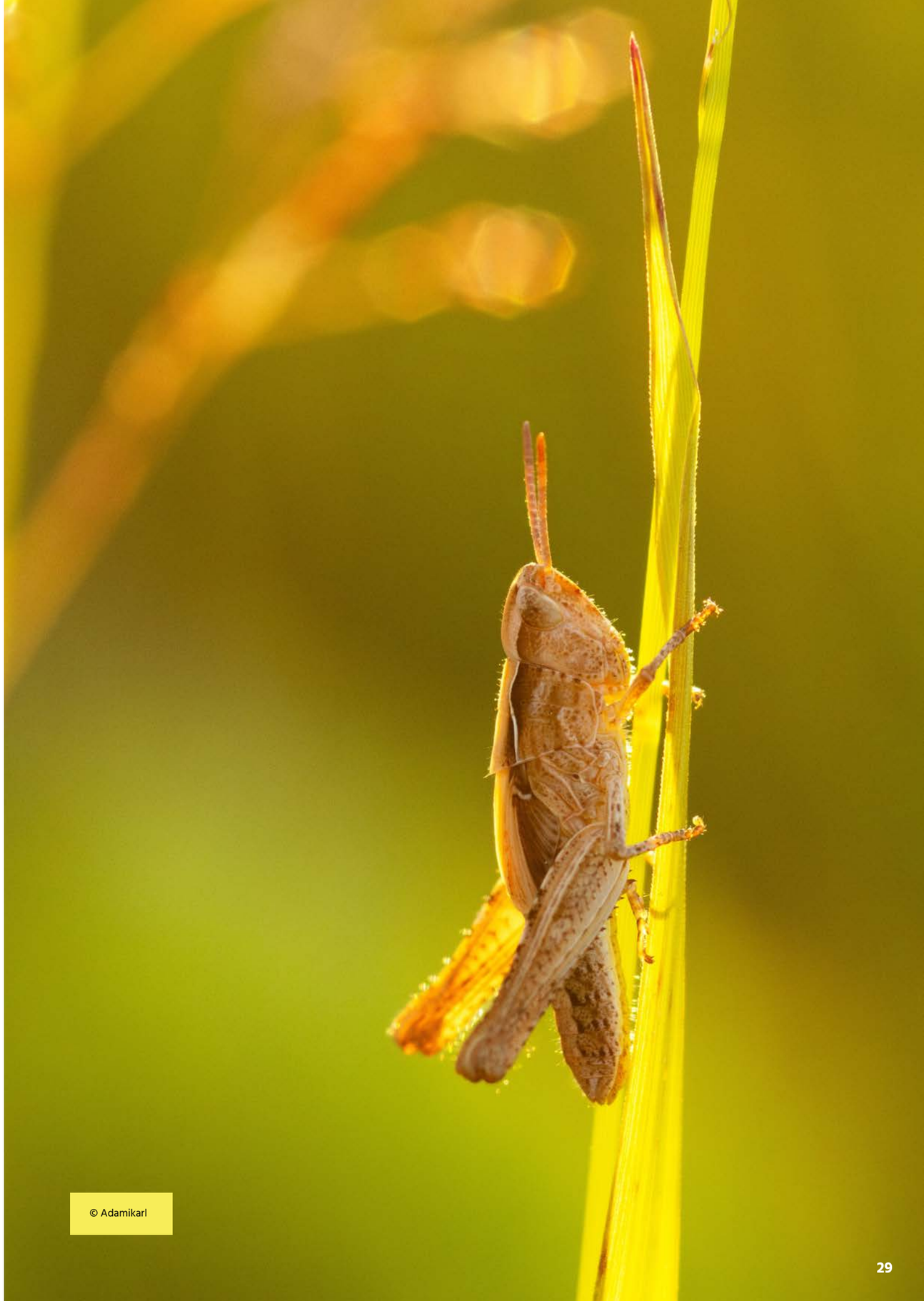
[15] Scown, M. W., Brady, M. V., & Nicholas, K. A. (2020). *Billions in misspent EU agricultural subsidies could support the Sustainable Development Goals.* One Earth, 3(2), 237–250. https://doi.org/10.1016/j.oneear.2020.07.011

[16] Severini, S., Tantari, A., & Di Tommaso, G. (2016). *Do cap direct payments stabilise farm income? empirical evidences from a constant sample of Italian farms.* Agricultural and Food Economics, 4(1). https://doi.org/10.1186/s40100-016-0050-0

[17] BirdLife Europe, EEB, WWF. (2023). *A brighter future for EU food and farming BirdLife Europe, the EEB and WWF's vision for the future of the EU's farming policy.* https://www.birdlife.org/wp-content/uploads/2023/09/Joint-vision-for-EU-food-and-farming.pdf

[18] Dasgupta, P. (2021). Economics of Biodiversity: The Dasgupta Review. HM Treasury. https://assets.publishing.service.gov.uk/media/602e92b2e90e07660f807b47/The_Economics_of_Biodiversity_The_Dasgupta_Review_Full_Report.pdf

[19] Canessa, C., et al. (2023). Incentives, rewards or both in payments for ecosystem services: Drawing a link between farmers' preferences and Biodiversity Levels. *Ecological Economics,* 213, 107954. https://doi.org/10.1016/j.ecolecon.2023.107954



© AdamikarI

[20] WWF. (2024). *Can your money do better? Redirecting harmful subsidies to foster nature and climate resilience.* https://wwfeu.awsassets.panda.org/downloads/wwf---harmful-subsidies-report_full-report.pdf

[21] According to Directive EU 2024/1785 (Industrial Emissions Directive), intensive livestock farming can be considered as operations with a stocking density of 2 LSU (Livestock Units) per hectare of land or more. However, such a threshold does not take into account the wide variety of soils and habitats across different European regions, some of which would require lower thresholds to be set, as these should be defined in relation to the ecological capacities of the respective receiving environments.

[22] OECD (2023), *Policies for the Future of Farming and Food in the European Union, OECD Agriculture and Food Policy Reviews*, OECD Publishing, Paris, https://doi.org/10.1787/32810cf6-en.

[23] Smit, A. B., et al. (2017). *Impact of Coupled EU Support for Sugar Beet Growing: More Production, Lower Prices.* https://doi.org/10.18174/430039

[24] Greenpeace European Unit (2024). *Go big or go bust: How the EU's farmers are pushed to produce more to stay in business.* https://www.greenpeace.org/static/planet4-eu-unit-stateless/2024/10/20241003-Go-big-or-go-bust-Greenpeace-report-on-how-EU-farmers-are-pushed-to-produce-more-to-stay-in-business.pdf

[25] Marino, M., Rocchi, B., & Severini, S. (2023). *Assessing the farm–nonfarm households' income gap along the income distribution in the European Union.* JCMS: Journal of Common Market Studies, 62(2), 318–340. https://doi.org/10.1111/jcms.13494

[26] Scown, M. W., Brady, M. V., & Nicholas, K. A. (2020). *Billions in misspent EU agricultural subsidies could support the Sustainable Development Goals.* One Earth, 3(2), 237–250. https://doi.org/10.1016/j.oneear.2020.07.011

[27] WWF. (2023). *Who determines the cost of food?.* https://www.wwf.eu/?11764791%2FWho-determines-the-cost-of-food

[28] Baldoni, E., Ciaian, P. (2021). JRC. *The capitalisation of CAP subsidies into land rents and land values in the EU. An econometric analysis.* https://francosotte.wordpress.com/wp-content/uploads/2023/03/2021-baldoni-ciaian-jrc125220_land_capitalization.pdf

[29] European Commission: Commission staff working document. (2021). Executive summary of the evaluation of the impact of the CAP on generational renewal, local development and jobs in rural areas. Lex - 52021SC0079 - en - EUR-Lex. EUR. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021SC0079

[30] Caraveli, H. (2000). *A comparative analysis on intensification and extensification in Mediterranean agriculture: Dilemmas for LFAS policy.* Journal of Rural Studies, 16(2), 231–242. https://doi.org/10.1016/s0743-0167(99)00050-9

[31] Baldoni, E., Ciaian, P. (2021). JRC. *The capitalisation of CAP subsidies into land rents and land values in the EU. An econometric analysis.* https://francosotte.wordpress.com/wp-content/uploads/2023/03/2021-baldoni-ciaian-jrc125220_land_capitalization.pdf

[32] EU Factsheet on protein dependencies for feed, 2024: https://agriculture.ec.europa.eu/farming/crop-productions-and-plant-based-products/cereals/reducing-plan-protein-deficit-eu_en

[33] European Commission: Group of Chief Scientific Advisors and Directorate-General for Research and Innovation. (2023). *Towards sustainable food consumption – Promoting healthy, affordable and sustainable food consumption choices*, Publications Office of the European Union, https://data.europa.eu/doi/10.2777/29369

[34] Réseau CIVAM. (2023). *Résilience de l'agroécologie face aux crises économiques et climatiques.* https://www.civam.org/ressources/reseau-civam/agriculture-durable-thmatique/rapport-resilience-de-lagroecologie-face-aux-crises-economiques-et-climatiques/

[35] Matthews, A. (2019). *Which is the best risk management tool?.* CAP Reform. http://capreform.eu/which-is-the-best-risk-management-tool/

[36] BiodivERsA/FACCE JPI. (2019). *Green infrastructure within agricultural landscapes strengthens the supply of ecosystem services.* https://www.biodiversa.org/1584/download

BirdLife INTERNATIONAL
EUROPE AND CENTRAL ASIA

EEB
European Environmental Bureau

GREENPEACE

WWF