The new CAP legal proposal and progress with financial instruments for agriculture

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1. The CAP within the MFF 2028-2034

Ensuring «commonality» of the policy

EU

EU specific objectives

Performance indicators

Common definitions

Common CAP toolbox

- **DABIS**: min and max value per hectare; capping
- **Coupled support**: max budget; max stocking density
- **Protective practices**: common objectives to achieve
- **43%** of Plan budget for environnement and climate
- **Small farmers:** max 3 000 EUR per farm
- Many interventions mandatory

National recommendations, approval of the plan

MS

Regions

Preparation of the Plan

CAP interventions tailored to their needs

Implementation, progress towards targets

In current prices

NRP Fund – **EUR 865 billion in grants**

NRP Plans – **EUR 783 billion**

EU Facility – **EUR 71.9 billion**

Interreg – **EUR 10.2 billion**

CAP income support
EUR 293.7 billion

Fisheries and aquaculture
EUR 2 billion

Of which **EUR 218 billion** for less developed regions (LDR)**

Not ring-fenced in NRP* Plans
EUR 453 billion

Home affairs funds
EUR 34.2 billion

+

Catalyst Europe loans
EUR 150 billion (not ring-fenced)

Unity Safety Net – **EUR 6.3 billion**

EU Solidarity (eg. natural disasters) – EUR 20.1 billion, **HOME actions** – EUR 25.2 billion, **Other Union actions** – EUR 11.5 billion, **Budget cushion** – EUR 8.7 billion

CAP minimum amount for income support interventions

- Degressive area-based income support
- Coupled income support
- Crop-specific payment for cotton
- Payment for natural and other area specific constraints
- Support for disadvantages resulting from certain mandatory requirements
- Agri-environmental and climate actions
- Payment for small farmers
- Support for risk management tools
- Support for investments for farmers and forest holders
- Support for the setting-up of young farmers, new farmers, rural businesses and start-ups and development of small farms
- Support for farm relief services
- Intervention in certain sectors

To be topped-up for:

Income support interventions

+

- LEADER
- Support for knowledge sharing and innovation in agriculture, forestry and rural areas
- Territorial and local cooperation initiatives
- Interventions in outermost regions
- Interventions in smaller Aegean islands
- EU school scheme
- Crisis payments

** CAP and CFP interventions above the ringfenced amounts may be counted towards the earmarking for less developed regions provided they are for the benefit of those regions

How is the new CAP simpler?

EU

- ✓ Simplifying farm support: 2 funds merged, more flexibility
- ✓ Easier access to support: simplified rules, **lump sum payments**
- ✓ Reduced **administrative burden**: less reporting and streamlined procedures
- ✓ Less legislation, **fewer requirements**: focus on essential provisions

+

MS

- ✓ More autonomy for Member States to address specific and regional needs

Direct income support

Better Targeted

Fairer

Simpler

- ✓ Support for **active farmers** contributing to food security
- ✓ Flexible for targeting **specific groups** (young, small-scale, women) or areas
- ✓ **Mandatory degressivity** (€20k+) and **capping** (€100k/farmer/year)
- ✓ Degressive income support: Aid per hectare: **€130-€240** national average
- ✓ Increased **coupled support** + optional top-up specific farms (e.g. protein crops, mixed farms or farms at risk of abandonment)
- ✓ **Small farmers**: lump sums € 3 000

The new green architecture

PRESENT

Voluntary for farmers

Eco-schemes in Pillar I
(25% of DP)

Climate/Env.
Measures in Pillar II
(35% of EAFRD)

(AECM, Forestry measures, investment measures…)

Mandatory for farmers

Enhanced conditionality

(on Climate/Env, practices built upon EU minimum conditions set out in GAECs (climate change, water, soil, biodiversity and landscape) and SMR requirements from Nitrates, Water Framework and Natura 2000 Directives and Plant Protection Product/Pesticides legislation)

FUTURE

Voluntary for farmers

Agri-environmental and climate actions (AECA)

N2000/WFD payments

Investments

EU priority areas

Mandatory for farmers

Protective practices
(sensitive areas, soils and water)

SMR

Farm Stewardship

Examples of agro-environmental and climate actions

National contribution (min 30%) **(new)**

Management practices

- Incentives

- Annual or multiannual

- Creation and maintenance of landscape features
- Soil practices (crop rotation/diversification, catch crops, proteins, zero-tillage)
- Management extensive grasslands
- Maintenance of organic farming
- Result-based payment schemes
- Also national requirements going beyond EU law

Transition payments

- Towards more resilient systems

- Up to 200k lump-sum on the basis of a transition plan

- Regenerative agriculture
- Organic farming
- Low input farming, including zero-pesticides
- Agro-forestry
- Extensive livestock grazing systems
- Sustainable labels

Improving the CAP toolbox

The CAP Regulation:

- CAP national recommendations and steering
- Farm stewardship
- Environment and climate priority areas
- Types of interventions
- Generational Renewal Strategy
- Starter pack for young farmers
- Authority in charge of data governance under the CAP
- Measures to resolve specific problems
- Committee procedure/Delegation of powers

Ringfenced amounts for CAP

- Degressive area-based income support
- Coupled income support
- Crop specific payment for cotton
- Payment for natural and other area specific constraints
- Payment for disadvantages resulting from certain mandatory requirements
- Agri-environmental and climate actions
- Payment for small farmers
- Risk management tools
- Investments for farmers and forest holders
- Setting-up of young farmers, new farmers, rural businesses and start-ups
- Farm relief services
- Sectoral interventions

Exempted from reforms and budgetary flexibility (except on investment)

- LEADER
- Knowledge sharing and innovation
- Territorial and local cooperation
- School scheme
- POSEI-SAI
- Crisis payments for farmers

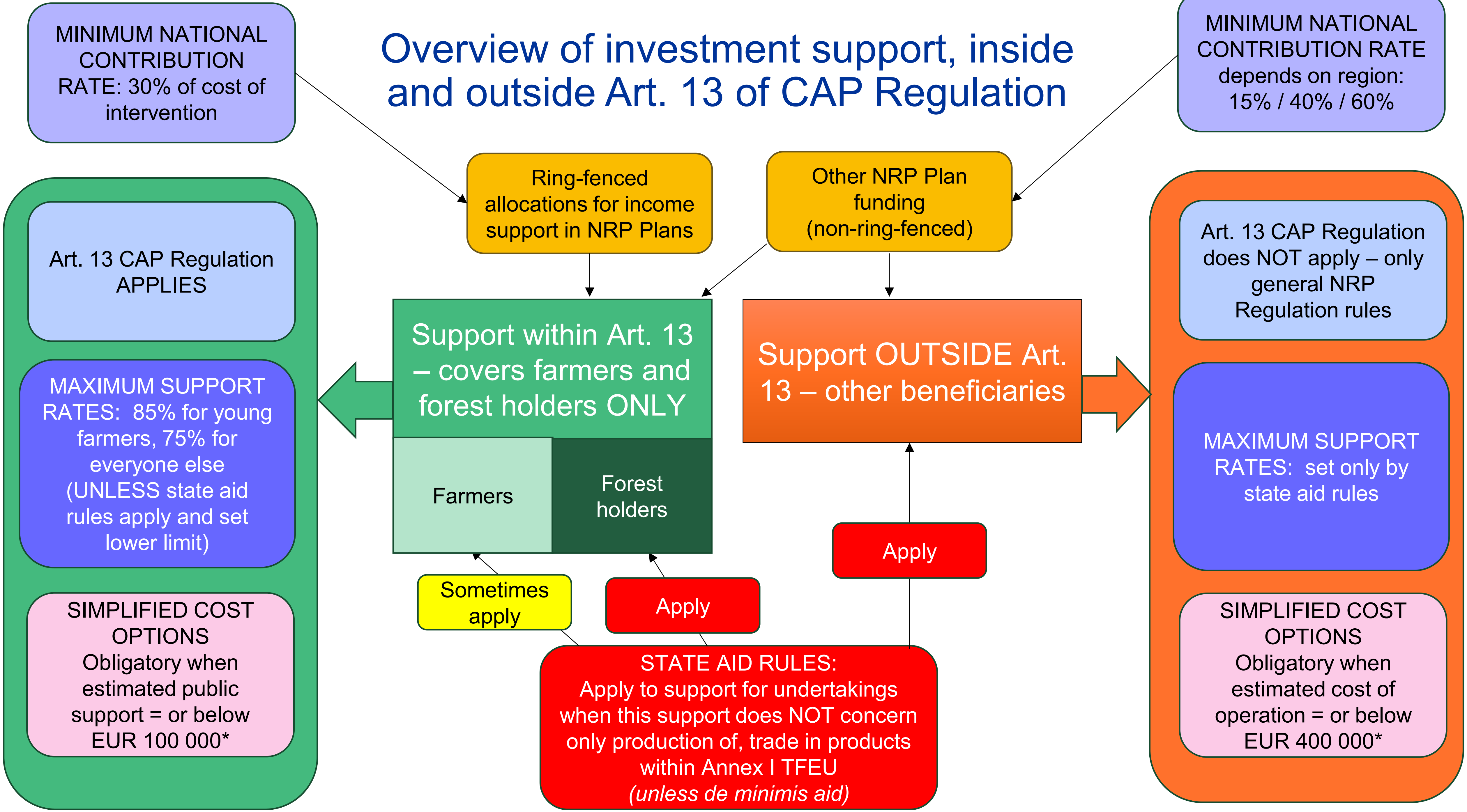
Attracting a new generation of farmers

- **National generational renewal strategies**
- A more flexible **definition of young farmer status beyond 40 if granted before**
- **DABIS:** possible to refocus income support on young farmers' needs

New: A "starter pack" to provide **easier access to comprehensive support** to start and grow farm businesses, fostering entrepreneurship and grasping new opportunities

New: Support to **farm relief services** to improve work-life balance and overall wellbeing, and create the space to focus on business development such as via training and upskilling

Overview of investment support, inside and outside Art. 13 of CAP Regulation



2. Financial instruments under shared management (NRPP/CAP) in the new MFF

Financial instruments (FIs) and the new MFF

- Streamlined NRPP/CAP structure and voluntary approach on FIs
- Significantly simplified legal basis:
  - **NRP/Single Fund Regulation**
    - Definitions [Art.4]
    - General rules on FIs [Art. 71]
    - Management verifications and audit provisions [Art. 72]
  - **CAP Regulation**
    - Support for investments for farmers and forest holders [Art.13]
    - Setting up of young farmers, rural business start-up and development of small farms [Art. 14]
    - Starter pack for young farmers [Art. 16]
- Simplifying **combination of grants and financial instruments.**
- **Continuity of some main principles** [e.g. re-use of resources, no pre-financing of grants, management costs and fees, etc.]

Novelties on FIs under shared management

- **Novelties under the General rules on FIs (NRP Regulation)**:
  - FI to be justified with regards corresponding market needs and their capacity to de-risk and leverage private capital (*no reference to ex-ante assessments*)
  - flexibility and simplified contributions between funds
  - working capital ceiling (EUR 300 000 GGE) for agricultural activities
  - performance based on milestones and targets

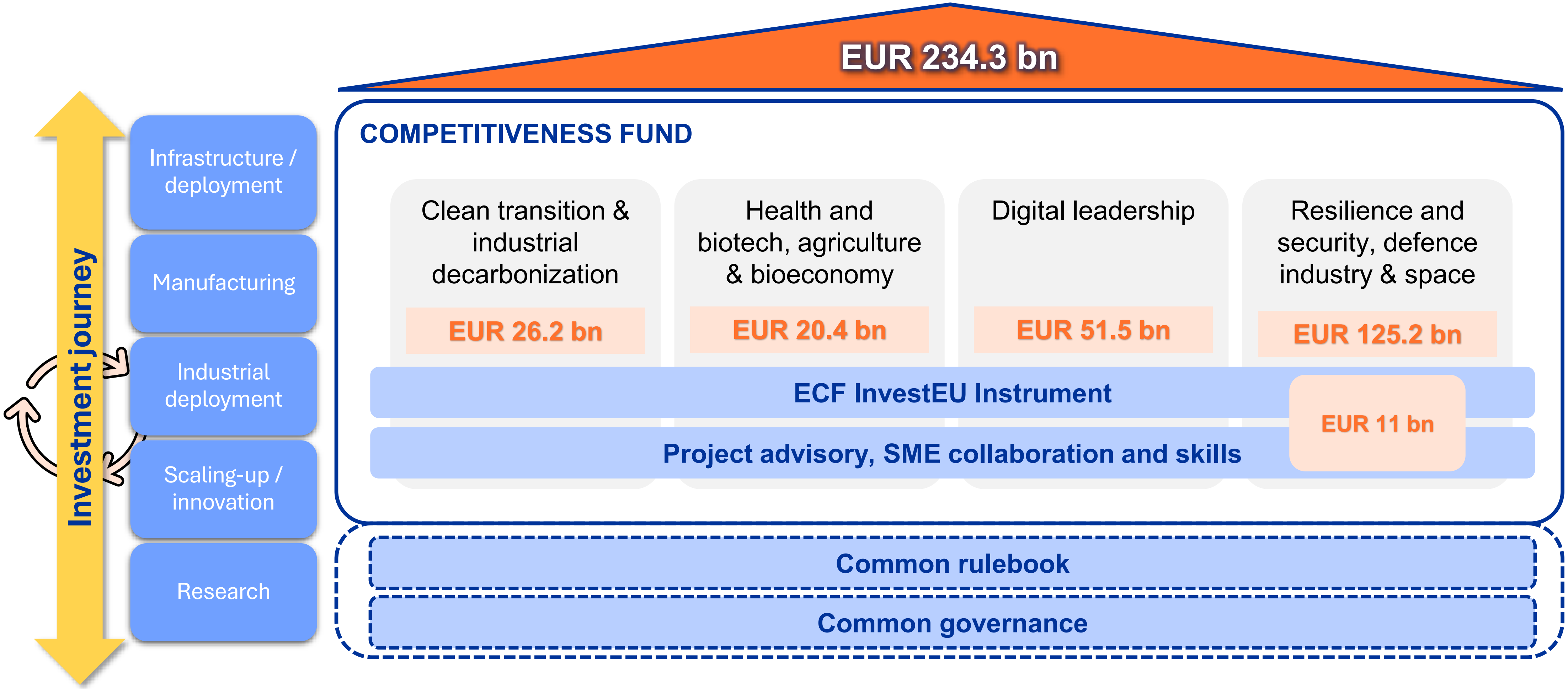
- **Novelties in the CAP specific rules (CAP regulation):**
  - no restrictions on land purchase through FIs, regardless of farmer's age
  - up to EUR 300 000 of GGE for young farmers, rural start-ups and small farms
  - FIs are accessible tool as part of the new Starter pack for young farmers

5. The new ECF InvestEU Instrument & Agriculture

ECF InvestEU Instrument
[EU Compartment & MS Compartment]

Budgetary guarantee and financial instruments	• Maximum amount of budgetary guarantee: **EUR 70 billion** (can be increased by up to 20%). • Minimum amount under ECF InvestEU Instrument: EUR 17 billion (non-thematic support). • To be increased by contributions from the policy windows.
Exclusivity clause	• InvestEU as only instrument for budgetary guarantees and financial instruments for internal policies.
Privileged option	• Available to the four policy windows. • To unlock additional public and private investments.
Scale-up facility	• Targeting high-growth SMEs, small mid-caps and mid-caps.
Open architecture	• Relying on implementing partners including the EIB Group, international financial institutions and national promotional banks.

ECF architecture

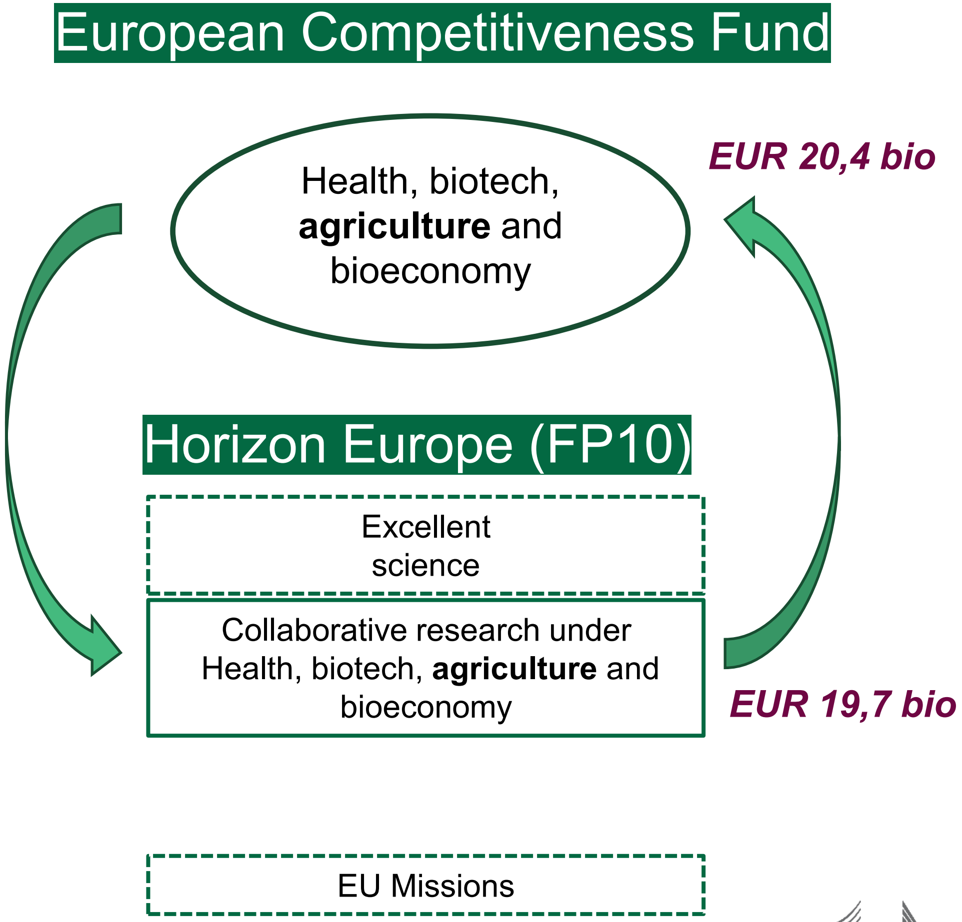


Synergies for competitiveness and innovation

- Continued CAP support for **investments** and encouraged use of **financial instruments**, leveraging private capital
- Synergies and additional opportunities for farmers and foresters under **European Competitiveness Fund (ECF)** & **Horizon Europe:**

✓ Boosting bio-based materials from agriculture and forestry and bioeconomy solutions.

✓ Access to finance and other types of support for SMEs including startups, scale ups and innovators in the sector.



3. Current simplification proposal on CAP financial instruments

CAP Omnibus proposal, COM(2025)236

- Articles covered: Articles 80 and 81 CAP Strategic Plan Regulation
  Article 57 Horizontal Regulation

- **Working capital ceiling** raised to 300 000 EUR (GGE equivalent) for activities falling under Article 42 TFEU

- **VAT eligibility** explicitly included

- Alignment with the Common Provisions Regulation in the context of:
  - **audit trail** for financial instruments
  - **irregularities and financial corrections**

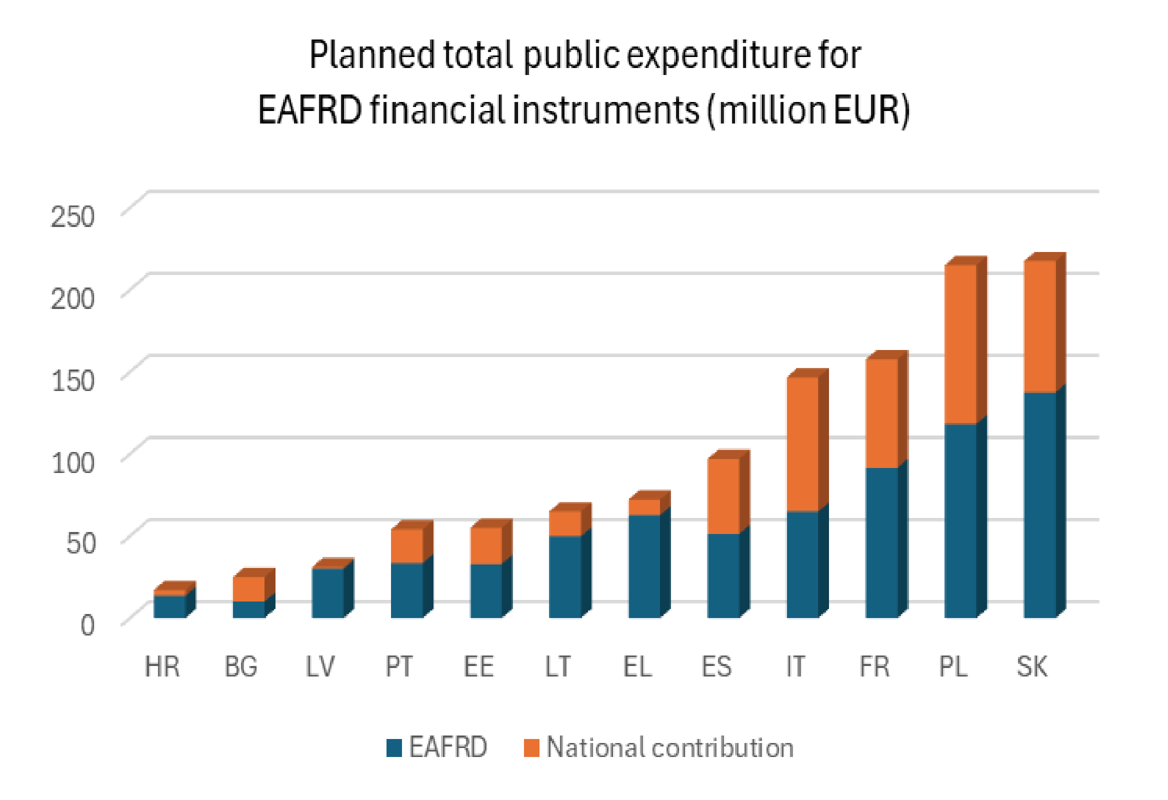
- Extended use of EAFRD resources transferred to **InvestEU** – for budget guarantees **and/or financial instruments**

4. CAP Financial instruments 2023-2027 - update

Key FADN data on farm liabilities in 2023 [short, medium and long term loans]

- 34% of all EU farms have liabilities
  - Average size of the short-term loan – EUR 54 265
  - Average size of the medium & long term loan – EUR 162 436
- Sectors with the highest liability level:
  - Granivores (62%)
  - Milk (48%)
  - Other grazing livestock (41%)
  - Wine (39%), Horticulture (38%)
- Higher farm economic size – more farms reporting liabilities
  - SO >= 500 000 EUR – 80% of all farms in the group reported to have liabilities
  - SO 100 000 - < 500 000 EUR – 71%
  - SO 50 000 - < 100 000 EUR – 51%
  - SO 25 000 - < 50 000 EUR – 36% ….
  - SO 2 000 - < 8 000 EUR – 6%

FIs in CAP Strategic Plans – state of play



Note: national top-ups are not included

- **12 Member States** with CSP FIs
- **EUR 1.2 billion** total public support, incl.
  EUR 700 million EAFRD contribution
- **EUR 76 million** made for advanced payments by Sept 2025

EUR 2 billion total public expenditure planned by half of the MSs for both programming periods

FIs in CAP Strategic Plans - Variety of products

Type of FI product	CAP Strategic Plan
Guarantee	BG, PL, PT, SK, ES
Counter-guarantee	ES, IT (Marche)
Loans	IT, LV, LT
Risk-sharing micro-loan tools	EL, HR
Both loans and guarantees	EE, EL FR, HR, IT (Umbria)
Combination with grants	
Loan with capital rebate	LV, LT, IT (Umbria)
Loan with capital grant	EL, IT (Campania)
Loan with interest rate subsidy	BG, EL, PL, PT, IT (Marche)
Additional elements	
Working capital loans	BG, HR, EE, FR, EL, IT, LV, LT, PL, PT, ES
Land purchase through FI	HR, EE, EL, FR, IT, LV, LT, PL, PT, SK, ES

EAFRD stream of fi-compass [ongoing and planned activities]

Analytical work (studies)

- Mapping of existing benchmarking schemes
- The financing of the EU agri-food value chains (study)
- Follow-up work on financing and insuring transition (tbc)
- EU agri-food tech investment analysis (tbc)

Surveys & case studies

- 3 sub-sector surveys on access to finance (cereals, protein crops & oilseeds, vegetables, dairy)
- Combination of products and market assessments (Greece)
- Access to finance for EU agriculture (EU survey, tbc)
- Financing regenerative agriculture (tbc)
- Case study brochures

Communication & training

- Targeted coaching for EAFRD managing authorities (HU, FI)
- Gross Grant Equivalent calculations brochure
- Conferences & thematic events
- Videos
- Podcasts
- Newsletter

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