The post-2027 CAP and MFF proposals for the EU: first reflections on their environmental implications

The European Commission's proposals for the 2028-34 Multiannual Financial Framework (MFF) would shake up current EU funding structures. They would mark an end to the two-fund model of the Common Agricultural Policy (CAP), although funding for the majority of the current measures available to support the agricultural sector would be ring-fenced within a new fund. The details of the proposals raise many questions about the likely level of environmental and climate ambition that could be expected under the CAP. This briefing explores the potential risks and opportunities of the proposals for addressing the EU's environmental and climate objectives and targets related to agriculture, with a particular focus on the funding available alongside the details of the measures and governance arrangements proposed.

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The European Commission's proposals for the Common Agricultural Policy (CAP) for the 2028-34 period were published alongside the proposals for the Multi-annual Financial Framework (MFF) on 16 July 2025 as anticipated (European Commission 2025a). They appeared in a set of interrelated and rather dense documents which need to be read in parallel and in some areas seem open to a degree of interpretation.

If adopted as proposed, the MFF would result in a larger overall EU budget than before at €1.8 trillion in constant 2025 prices or €2 trillion euros in current prices. The Commission suggests that this total would be achieved through the generation of significant additional own resources, rather than requiring an increase in contributions from Member States (European Commission, 2025b). It is not clear at this stage whether or not Member States will agree to this.

To align with the current Commission's priorities, the emphasis in the MFF would be on security, defence, improved competitiveness, and significantly greater flexibility to adapt to unforeseen events. There are references in the various texts to the environment, climate, sustainability and to resilience more broadly but the language appears to assign them a lesser priority than in the current MFF.

As anticipated, the main innovation in the form of the MFF as a whole is a shake up in the way it is organised, under a smaller number of headings and 'EU funds' (Baldock, 2025). The CAP has not been immune to these changes and will now sit within the newly formulated **"European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security"** alongside *inter alia* the current Cohesion Policy. The CAP and Cohesion allocations together account for the majority of this fund. The intention is that Member States would develop **National and Regional Partnership Plans (NRPPs)**, setting out how they will use the funding over the seven-year period.

Despite this immersion in a larger pool and the ending of the two-fund model of the CAP which has been in place since 2000, funding for the majority of existing CAP instruments (spending measures) has been ring-fenced. Thus, national governments would be prevented from shifting the majority of their EU determined CAP allocation to spend on other purposes. Furthermore, there is a specific regulation setting out proposed rules for CAP spending in considerable detail (COM(2025) 560). In these crucial respects the CAP remains a distinct EU policy receiving special treatment within the MFF and has not been dissolved in the way some anticipated (see Baldock, 2025).

The focus of this paper is to consider the extent to which the EU's sustainability objectives and targets for the coming decade are built into the proposals, with a particular focus on agriculture, following some questions we raised in an earlier paper by Baldock (2025). In particular, it examines whether the proposed funding framework provides the necessary mechanisms and sufficient scale of funding to support a transition towards a more sustainable and lower environmental impact agriculture, land use and agri-food sector in the EU. This requires some consideration of different elements within the MFF proposals but a more comprehensive review of the entire package is not attempted here.

Where does the CAP fit within the new MFF structure?

The new MFF would consist of four main headings, within which sit three main funds (see Figure 1):

Figure 1: Architecture of the proposed Multiannual Financial Framework 2028-2034. Figure compiled from: European Commission (2025f).

*Others include: Erasmus+ & AgoraEU, CEF, Civil protection and health, Single Market Programme, Euratom Research & Training, CFSP, Justice, Nuclear Decommissioning, OCT, Pericles.

The three main funds comprise:

1. **The European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security (**COM(2025) 565**) (€865 billion over 7 years) – the NRPF in shorthand**. This includes funding for food security, rural development, cohesion, social policy, fisheries and coastal areas, migration, border management and internal security. Member States will set out how they intend to use the support available via National and Regional Partnership Plans (NRPPs). The proposals for the CAP sit under this fund (COM(2025) 560), with a major element of the funds ring-fenced (see below for more details).

2. **The European Competitiveness Fund (€410 billion).** This includes funding for Horizon Europe; Resilience and Security, the Defence Industry and Space; Clean Transition and Industrial Decarbonisation; Digital Leadership; and Health, Biotech, Agriculture and Bioeconomy.

3. **Global Europe (€200 billion)**. This includes funds for development assistance, contributions to global funds, and the costs of operating the EU's foreign policy.

A horizontal regulation (COM(2025) 545) sets out rules applicable to all these funds. The rules include a continuation of the requirement to track the level of expenditure considered supportive of EU climate and biodiversity objectives (as well as social aspects) and a performance framework which will apply to all funds. The latter sets out the indicators that would be put in place for monitoring the results achieved under each of the funds, including the CAP.

In addition, for the first time, all funding provided under these funds is required to adhere to the '**do no significant harm' (DNSH) principle** (Article 5 of COM(2025) 545). This requires that '*all programmes and activities be implemented so that they achieve their set objectives, where feasible and appropriate in accordance with the relevant sector-specific rules, without doing significant harm to the achievement of environmental objectives* (COM(2025) 545 Explanatory Memorandum)' Guidance is to be produced by the Commission, setting out general principles and criteria for its application and each Member State will be required to provide a 'do no significant harm' assessment for each activity in their plans, unless exempted from doing so (Article 13 of COM(2025) 545).

Objectives

Objectives are set for each of the three new funds**.** Those for the NRPF and CAP are worth close examination as they introduce a significant change from the current CAP objectives. Details are set out in Box 1. **Most notable is the fact that environmental and climate objectives do not appear as one of the headline five objectives in the NRPF**, which is an important omission. The importance of reflecting environmental and climate objectives via the CAP part of the National and Regional Partnership Plans (NRPP) is given a little more prominence in the separate CAP regulation, including the requirement on Member States to provide support to the sector on six specific environmental and climate priority areas through three specified interventions (agri-environmental and climate actions, investments, and support for disadvantages relating to mandatory requirements relating to Natura 2000 or the Water Framework Directive, Article 4, draft CAP regulation).

Box 1: Objectives set out in the proposed NRPF and CAP regulations

The draft NRPF regulation sets out a series of objectives for Member States to address in their National Regional Partnership Plans (NRPP) (Article 7), which include the CAP alongside the other expenditure it covers. The overall aim of the Fund is stated as 'promoting economic, social and territorial cohesion, the sustainable development and competitiveness of the Union, its security and its preparedness' (Article 2, COM(2025)565). Under this sit five general objectives, the third of which is 'to support the implementation of the CAP of the Union in accordance with Part Three, Title III of the TFEU'. These general objectives are to be pursued through a series of five specific objectives, each of which is divided into a series of sub-objectives (Article 3, COM(2025)565). The five specific objectives are:

a) To support the Union's sustainable prosperity across all regions;

b) To support the Union's defence capabilities across all regions;

c) To strengthen social cohesion by supporting people and strengthening the Union's societies and the Union's social model;

d) To sustain the quality of life in the Union; and

e) To protect and strengthen fundamental rights, democracy, the rule of law and to uphold Union values

The environment is notably absent from this list and appears only as a sub-objective in two places: under specific objectives (a) and (d). The objectives relating to environment and climate in relation to agriculture and forestry sit under specific objective (d) - quality of life, alongside objectives relating to agricultural income and competitiveness. Unlike the current CAP where the objectives for environment and climate are separated out, forming three of the ten objectives, a significant portion, here they are all combined in Article 3(d)(v) as follows:

> *'enhancing sustainable agriculture and forestry management practices to promote resilient climate action, provision of multiple ecosystem services, supporting efficient water management, quality and resilience, the implementation of nature-based solutions, strengthening sustainable development, environmental protection, enhancing the conservation and restoration of biodiversity, soil and natural resources, and improving animal welfare'*.

The proposed CAP regulation provides a little more emphasis on the environment. For example, in the preamble the proposed CAP regulation states that: '*In line with the objective of achieving a better balance between incentives and requirements, Member States should target support through their NRP Plans towards CAP priorities, which are essential for the long-term sustainability of agriculture' (*COM(2025)560, *preamble* 7).

It goes on to state that *'The CAP post-2027 should accelerate the transition towards more sustainable production methods, contributing to climate-neutrality objective by 2050. The new CAP should offer better rewards for delivering more ambitious ecosystem services which go beyond the results achieved through mandatory requirements. The new CAP should strike a new balance between a farm stewardship with a set of mandatory requirements, and agri-environmental and climate actions which support commitments beneficial for the environment, climate and animal welfare and a transition towards more resilient production systems. (*COM(2025)560, preamble 7).

In addition, Article 4 of the proposed CAP regulation sets out requirements on Member States to provide support on six specific environmental and climate priority areas, specifying a number of interventions that must do this[1]. The six priority areas cover climate adaptation and water resilience; climate mitigation (specifically including carbon removals and on-farm renewable energy production); soil health; biodiversity preservation as well as organic farming and animal health and welfare. The Article also proposes that where Member States have areas affected by water pollution resulting from nitrate surplus, then support 'shall' be provided 'for extensification of livestock systems or diversification to other agricultural activities'. This support for extensive livestock systems is a theme that runs through the CAP proposal and a requirement under many of the interventions.

A new CAP Structure

Chapter V (Articles 35-39) of the NRPF Regulation sets out some of the details proposed for the CAP, including funding requirements that Member States will have to respect. However, the proposals for the detailed CAP architecture, rules and requirements are set out within a separate CAP regulation, sitting underneath the NRPF Regulation (COM(2025) 560). This specifies all the proposed interventions (i.e. forms of support for agriculture and related activities) that would be eligible to be funded, via the CAP budget. It sets out those that are covered by a new ring-fenced budget established within the overall envelope of CAP funds

[1] These are specified as: support for disadvantages resulting from mandatory requirements relating to the Birds and Habitats Directives and the Water Framework Directive (Art 9); Agri-environmental and climate actions (Art 10); and investment support for farmers and forest holders (Art 13).

that each Member State will be allocated and those interventions (support measures) which are compulsory for Member States to put in place, and which either are 100% financed by the EU budget or must be co-financed by Member States.

The proposed structure and its relationship with the NRPF regulation and the overall MFF is set out in Figure 2. A few key points to note are:

- **The two 'pillar' or 'fund' model for the CAP is no more.** However, there is a new and important distinction made between a group of "income support" related interventions (support measures) that fall within the ring-fenced budget and those support measures falling outside this grouping[2]. While these other interventions can still receive EU funding through the NRPF, Member States would need to choose to allocate part of their overall NRPF share to them. This means that the interventions outside of the ring-fence would be in competition for funds with other non-CAP measures in each Member State and so the extent to which they are funded (some remain compulsory) would be at the discretion of the national or regional authorities.

- **€295.7 billion in current prices has been ring-fenced for what are termed 'income-support' interventions** over the seven-year period. However, this grouping is not confined only to the primary set of direct payments under the current CAP, such as the Basic Income Support for Sustainability Scheme (BISS), the Complementary redistributive income support for sustainability (CRISS) and the Small Farmer scheme. 'Income support' is now used to cover a much wider range of interventions that are targeted directly at agricultural land (and forest land). This means that as well as direct payments, also agri-environmental and climate actions (a category which now includes both current eco-schemes as well as AECMs) and investment support are included under this banner, as well as risk management, start-up support for new businesses, young farmers and support for farm relief services. This is in addition to interventions that more traditionally are considered as income support, such as direct payments (now reformulated as degressive area-based income support), coupled income support and support for areas facing natural constraints (ANC).

- "**Degressive area-based income support",** a revised version of BISS and its associated support measures is introduced as the pivotal new support scheme which will be subject to new capping and targeting rules (see below). Here Member States have considerable discretion over important aspects.

[2] The CAP **interventions that are not classed as 'income support'** and therefore not covered by the ring-fenced budget are the remainder of the current CAP rural development measures, such as LEADER, knowledge sharing, innovation, territorial and local cooperation, as well as support applicable in the outermost regions and smaller Aegean islands, the school food scheme and crisis payments.

- **Both the Degressive area-based income support and the agri-environment-climate actions remain mandatory** for Member States to offer to farmers. But others that were previously voluntary are now proposed to be mandatory for Member States in another significant change. These include Coupled Income Support, investment support and risk management measures, an expansion with implications for the limited budget available (see below).

- **Area-based payments to farmers remain conditional on adherence to certain regulatory requirements and standards,** now called 'farm stewardship' rather than conditionality as at present. The standards of Good Agricultural and Environmental Condition (GAEC) are re-named 'protective practices'. However, these are intended to be less demanding in environmental terms than the present system of conditionality. This makes the role of voluntary incentive schemes all the more important.

Figure 2: Structure of how the CAP fits within the National and Regional Partnership Plans. Information for figure compiled from: European Commission draft CAP Proposals (COM(2025) 560).

The following sections offer some initial reflections on the potential implications of these proposals for the environment. They look first at the level of funding proposed, followed by the CAP interventions that Member States will have available for EU funding and finally the proposals for governance and reporting structures to examine whether these are sufficient to address the EU's ambitious climate and biodiversity targets and the scale of the environmental and climate challenges facing Europe in the period to 2034.

Funding for environment and climate

The draft proposals for the NRPF and the CAP create some major risks for the level of EU funding that is likely to be made available to fund the actions required to meet the EU's environmental and climate ambitions in the crucial period after 2027. Analysis of how spending on the environment and climate under the current CAP is developing indicates that it is not bringing about the scale and speed of change required, for example to achieve the substantial reductions in GHG emissions from agriculture that are needed (European Commission, 2025c). It points to the need to increase the impact of such expenditure significantly by both raising the environmental ambition of those schemes being funded and allocating sufficient CAP funds to them.

Here we focus mainly on the question of the level of funding that is likely to be devoted to environmental sustainability after 2027 given the Commission proposals as they stand. It is more difficult to assess whether the new proposals would have an impact on the level of environmental ambition of schemes designed and run by Member States, but elements of the proposals could have an influence on this, as discussed briefly below.

The question of funding for environment and climate actions is critical because:

- **Insufficient progress is being made under the current CAP period** and the challenge is becoming greater as important deadlines for achieving major emission reductions (e.g. a reduction of net greenhouse gas (GHG) emissions by at least 55% by 2030 under the EU Climate Law), reducing nutrient loads (e.g. a 50% reduction in nutrient losses by 2030 under the Zero Pollution Action Plan), and restoring biodiversity (e.g. restoring at least 10% of agricultural land to high-diversity landscape features under the EU Biodiversity Strategy for 2030) get closer.

- The philosophy expressed in the Commission's Vision paper (European Commission, 2025d) and repeated in the proposals is that **more should be achieved by incentives offered to farmers and less by regulatory measures** -implying that an increase in the volume of funding for incentive schemes must be in place.

- In most Member States, eco-schemes and agri-environment-climate schemes within the CAP are a central part of the budgets available for sustaining good environmental management on rural land so **EU funds are of critical importance**.

As they stand, the proposals introduce a structure in which the sums devoted to environmental measures within the CAP seem highly likely to fall rather than increase. There are several reasons for this.

1. **Environmental ring-fencing removed.** Under the current CAP, there is a requirement that a proportion of the funding available to Member States in both parts of the CAP is earmarked for schemes that fall broadly within the "environmental "and related categories. In Pillar I, 25% of expenditure must be devoted to eco-schemes (qualifying for 100% EU funding) and in Pillar II, 35% of funding must be reserved for a suite of measures that include agri-environment-climate schemes, green investments as well as 50% of the allocation to support for Areas facing Natural Constraints (ANC), which are not primarily environmental. This ring-fencing mechanism has driven funding into environmental schemes on a considerable scale.

   The new proposals remove this ring-fencing requirement entirely so there is no incentive for Member States to maintain the existing level of expenditure on environmental measures and no mechanism for the Commission to require them to do so. Reinstating an environmental ring-fencing requirement within the "income support interventions" element of the CAP section of the MFF is a high priority.

2. **Co-funding required for eco-schemes.** Under the current CAP, eco-schemes, which account for 23% (approximately €8.6 billion) of CAP expenditure on direct payments (European Commission, 2025e), and qualify for 100% EU funding from the CAP, with no contributions from national budgets required. This is an important reason for their use on a large scale alongside AECM schemes. However, the proposals eliminate eco-schemes as a measure separate from AECMs and future schemes of this kind will require co-funding (under the proposed agri-environmental and climate actions intervention - AECA). As a result, the overall financial burden on Member States would increase if they wanted to maintain a similar number and scale of schemes as in their current CSPs. This may reduce their motivation to spend money on these types of schemes in favour of those that qualify for 100% EU funding and expenditure on agri-environmental and climate actions may therefore decrease in relative terms.

3. **Potential crowding out of environmental schemes by an expanded list of compulsory measures.** Under the present CAP Member States are obliged to apply only a small number of the whole catalogue of schemes that qualify for CAP funding, including BISS, the primary direct payment scheme, and AECMs. However, for reasons that are unclear, the Commission now proposes that several other schemes will be obligatory in future. These include Coupled Income Support (CIS), for which a slightly larger proportion of the ring-fenced envelope can be allocated[3]. The cumulative impact of the additional obligations to provide support for a larger range of interventions and the enhanced attraction of certain of them in budgetary terms seems likely to increase the rationale for trimming agri-environmental expenditure in Member States where there is not a strong commitment to such schemes. On the other hand, in those Member States where the application of the degressivity and

[3] To note that the 20% that can be allocated to CIS is calculated on the basis of the allocations Member States choose to make to a sub-set of interventions, namely: degressive income support, support for cotton and small farmers, as well as the contributions allocated by Member States to agri-environmental-climate actions.

capping rules generates a saving on expenditure on area-based income support there may be potential to divert funds saved to AECAs or other measures, in future. It is very unclear exactly how these rules will work, and the potential scale of any savings generated (Matthews, 2025). This could lead to a significant new source of funding for such schemes in many Member States but there would be major variations between countries.

What about the overall scale of EU funding for agriculture?

While they will respond in different ways to the complex array of new rules, Member States seem highly likely to be influenced by the budgetary logic outlined here and **this does not bode well for expenditure on environmental measures within the CAP**. In addition to the points made above, the overall size of the CAP budget and the sums directed at farmers/land managers in particular is also relevant here. A smaller CAP budget than the current one would reduce the quantum of environmental expenditure, other factors being equal.

There are various ways of interpreting the Commission proposals regarding the overall CAP budget and different hypotheses about how Member States might respond to the proposals, either as now proposed or in a final form once adopted. Many observers outside the Commission (e.g. Matthews, 2025) consider that a cut in the EU budget available for measures in the CAP (as it is understood at present) is implied by the proposals. However, it must also be acknowledged that in principle Member States would be free to divert EU funds from other allocations that they receive within the MFF into agriculture if they wished under the NRPF rules, although at this stage there are no strong grounds to assume that this will occur. Member States also have the option to deploy state aids on a larger scale and some may do so.

For the purposes of comparing existing and potential future expenditure on environmental and other CAP measures it seems reasonable to focus solely on the EU funding element and disregard any additional national aid. At this stage EU funding for the CAP element seems set to decline in real terms. Several stakeholders have made their own estimations of the budgetary outcome. However, the reasoning set out by Matthews (2025) suggests that on a like-for-like comparison, the minimum ring-fenced amount for CAP income support, (a wider group of measures than simply Pillar 1 direct payments), is around 15% smaller in current prices than what is available in the current CAP.

On the other hand, the helpful concept of “**mainstreaming”** the environment into other forms of EU expenditure would continue to apply to the MFF and there are targets for Member States which could influence their choice of measures in the CAP component of the overall budget (see Box 2). The question is whether in practice this mechanism would lead to Member States selecting more agri-environmental and climate measures in their collection of CAP measures than they would do otherwise.

In principle the mainstreaming requirement provides a lever to encourage Member States to bring forward schemes with environmental objectives, although not necessarily within the CAP component. However, its value as a lever is greatly undermined by the values given by the Commission to the coefficients. For example, the ANC payments have a 100% coefficient for biodiversity even though they have no clear role in contributing to outcomes in this sphere. While there are farm stewardship requirements (considered in more detail below), the 40% coefficient for climate and biodiversity allocated to the degressive area-based income support payments seems high, especially assuming that the new 'protective practice' requirements are less ambitious than is currently the case, which seems to be the intention.

Furthermore, even if this lever is effective in tilting 43% of expenditure in the direction proposed (see Box 2), there is still a danger that schemes aimed at conserving/restoring biodiversity, which tend to require more demanding commitments, would not be selected on any scale by Member States. This is because it would be easier for Member States to put forward measures with multiple objectives which can be presented as making some contribution to climate adaptation or mitigation goals which can be defined rather broadly. Consequently, unless the mainstreaming and associated tracking mechanism is re-designed to have more teeth in driving the choice of measures by Member States, it does not appear likely to be a robust countermeasure to the budgetary pressures limiting agri-environment expenditure listed above.

Box 2: Proposals for climate and environment mainstreaming

The proposed mainstreaming mechanism for climate and the environment in the MFF is set out in Articles 4 and 8 of the Performance Framework Regulation. The Article 4 text reads "*Programmes and activities shall be implemented with a view to achieving an overall spending target of at least 35% of the total amount of the budget on climate action and environmental objectives ('climate and environment spending target') over the entire 2028-2034 multiannual financial framework, calculated by using the highest coefficient amongst climate mitigation, climate adaptation and resilience, and environment of the framework*".

Each of the MFF programmes and instruments is expected to contribute different minimum amounts under the overall 35% target. This is set out in Annex III of the Performance Framework regulation which proposes that the National and Regional Partnership Plans would be expected to contribute at least 43% of the overall financial envelope to climate and environmental objectives.

Measures proposed for the next CAP: the specifics

Many of the interventions available to Member States to support land managers and other rural actors remain the same, or very similar to before, within the new CAP structure. However, there are some important changes in the details of what can or must be funded and the way in which this support can be designed and implemented in practice. We have selected a number of these which have implications for the way in which the CAP could be used to support to achieve environmental and climate goals.

1. One of the most significant changes, as recommended in the report from the Strategic Dialogue on the future of EU agriculture, is the proposal that **area-based income support payments** should be degressive, with payments reducing the greater the total amount of support received per farm and capped at €100,000 per farmer per year. Member States would also be required to differentiate these payments by '*groups of farmers or geographical areas*' based on objective and non-discriminatory criteria and target them to those most in need. The proposals suggest that these include '*young and new farmers, women, family or small farmers, farmers combining the production of crops and livestock or farmers in areas with natural or other area-specific constraints*' (Article 6(2)). Payments may also be made as a lump sum replacing '*fully or partially the area-based income support per eligible hectares*'.

   These proposals are to be welcomed as seeking to gain more positive value from direct payments and focus on meeting real needs as a general principle. However, there are questions about which are the highest priority groups and issues to focus on and how far this can be achieved in practice. For example, there is a critical need to help farmers adjust to a changing world and new sustainability requirements and not to plan on business as usual. The definition of 'need' remains vague which leaves Member States with a lot of flexibility for interpretation which risks maintaining the status quo, rather than redistributing support in a meaningful way. In addition, the extent to which Member States have the data available to enable them to differentiate the payments effectively remains unclear and this is a significant consideration. Given this, it is hard to predict the extent to which the new approach will change the distribution of payments in practice and importantly, whether this could free up funding to be re-directed into more environmentally focused actions remains to be seen (see above).

2. In terms of specific types of support (or interventions), it is extremely disappointing to see that **Coupled Income Support (CIS)** continues to be given such a priority in the proposals. It would become compulsory for Member States to implement, unlike at present, and there is also a proposed uplift in the proportion of the relevant slice of CAP funding that can be allocated to it (up from 13% to 20%)[4]. Of particular concern is the fact that the budget allocation that would allow the 20% figure to be achieved, where Member States wish to do so, is proposed to be calculated on the basis of the financial allocations to a set of specific interventions, which contains not just degressive income support, support for cotton and small farmers, but also the contributions allocated by Member States to agri-environmental-climate actions. Given the likely pressures on the agri-environmental part

[4] However, as noted above, although the proportion of the budget that can be allocated to CIS has increased (from 13% to 20%, with an additional 5% for certain types of production), the budget lines to which this proportion applies have changed which means it is unclear at this stage the extent to which this would lead to an increase in the amount of funding allocated to CIS in practice.

of the budget already identified above, it seems perverse to further reduce the available funding for environmentally focused interventions to fund production via the CIS. This is not a coherent approach.

IEEP has long argued that if CIS is to remain then support to farms under this mechanism should be linked more closely to farms with commitments to meet sustainability targets, for instance by targeting High Nature Value (HNV) systems or requiring Member States to justify how support to livestock systems will help reduce greenhouse gas emissions, or by supporting production of specific crops which have a smaller environmental footprint, such as drought tolerant varieties or those with lower chemical input needs (Baldock, Bradley et al, 2025; Scheid et al, forthcoming). There is a nod to this in the proposed regulation, whereby funding for livestock has to 'take into account' environmental impacts, '*including by setting a maximum stocking density in nitrate vulnerable zones*'. However, the way this condition is currently worded is very weak and the stocking density requirement, while welcome, is limited and should already apply via Member State Nitrate Action Plans.

3. With the removal of the two-fund model for the CAP, the eco-schemes and environment-climate measure have been combined into one '**agri-environmental and climate actions'** intervention (AECA). Despite the name, its focus still covers animal health and welfare and sustainable forestry as well. There are a number of changes to what it is possible to fund here. One positive change is that, as well as support for voluntary management commitments as now, it would be possible to provide support for farmers to 'transition towards resilient production systems' on the whole or part of their holding. This is dependent on a transition plan being drawn up by the farmer and approved by the Member State. This option has been advocated by IEEP (Baldock et al, 2025) and it is a welcome element in the proposal but disappointing that there is no additional funding attached to it. No mention is made of advisory support, but this would be essential for supporting farmers in drawing up such plans.

   Combining the eco-schemes and environment-climate intervention would make it easier for Member States to programme payments for environmental action in a more coherent way than has been possible to date. However, the flexibility to make payments either annual or multi-annual alongside the end to the 100% funding for eco-schemes (in addition to the more significant funding concerns flagged above) runs the risk that Member States will favour schemes to promote basic environmental management over those designed to deliver more ambitious outcomes.

   Also notable is the emphasis in the draft regulations on **supporting both extensive and the extensification of livestock farming systems**, both to enhance their 'positive influence…on biodiversity, carbon sequestration, landscapes, cultural heritage and rural livelihoods'[5] and to protect areas at risk of abandonment[6]. There are multiple interventions that have the potential to support these systems (e.g. degressive area-based income support, Areas facing Natural Constraints, Coupled Income Support[7], AECAs where there are relevant environmental objectives). However, the revised agri-environmental and climate actions intervention now explicitly requires Member States to provide support for the extensification of livestock production (Article 10, proposed CAP regulation). Many of these systems are important environmentally, particularly High Nature Value farming systems and extensive grazing regimes, such as semi-natural grassland, traditional slivo-pastoral systems, such as the Mediterranean *dehesas* and *montados*, and their associated landscape features and Member States already support the maintenance or restoration of these types of habitats and features associated with them. Introducing a requirement to support 'the extensification of livestock production systems' has value as a lever to counteract the concentration of intensive systems in a variety of different regions. However, it is not clear why it is obligatory for Member States to provide support for this purpose, which may divert funds away from providing funding for other pressing environmental and climate needs.

The current requirement for **agri-environmental payment rates** to be based on income foregone plus additional costs also seems to have disappeared. By contrast, the approach to setting payment rates for ANC schemes is specified in the draft CAP regulation. This formula has been much criticised for not providing Member States the flexibility to provide farmers with sufficiently attractive payment rates. However, in reality there is a lot more potential to vary payment rates than is always used in practice. Higher payment rates may lead to increased uptake, but within a limited budget the risk is that less environmental activity can be funded overall.

4. **Conditionality has been changed and made less demanding in environmental terms**. Most payments to farmers remain conditional on adhering to basic EU environmental (and other) regulation and standards in the guise of **farm stewardship**, the proposed replacement to conditionality. What are now called standards of Good Agricultural and Environmental Condition (GAEC) would be called '**protective practices'** and grouped under three main headings, incorporating the previous biodiversity focused standards under a climate heading. The proposals build on the changes already introduced in 2024 and the increased flexibilities proposed under the May 2025 simplification package, which had already weakened the requirements considerably (Muro et al, 2025). They weaken the requirements further by making the wording of the practices more generic and giving

[5] Proposed CAP Regulation, Section 3 'Results of Ex-Post evaluations, stakeholder consultations and impact assessments.

[6] See for example Article 35 of the NRPF with reference to Coupled Income Support

[7] The CAP proposals allow 20% of the budget for certain income support payments to be allocated to Coupled Income support and Member States can allocate an additional 5% for certain priorities, including those systems at risk of abandonment, in particular in the Eastern border regions (Draft NRPF Regulation, Article 35(5).

Member States far more discretion on which practices to put in place and the areas to which they would apply. For example, the current ban on converting or ploughing permanent grassland in Natura 2000 sites, would be replaced by an objective only to 'protect' these environmentally sensitive permanent grasslands. There would no longer be a requirement to maintain a certain ratio of permanent grassland to arable land. Small farmers are exempt, and organic farmers are now considered to be *de facto* compliant with all farm stewardship requirements[8]. For the first time, farmers who take part in agri-environmental and climate schemes that contribute to the objectives set out for the protective practices 'in an equivalent way' could be considered compliant with the protective practices. The proposed text does not say whether this would mean that the payment rates for the agri-environmental-climate actions should be reduced accordingly (as was previously the case for equivalent practices in relation to 'greening' in the 2014-2020 period).

Perhaps most questionable, considering the weaker nature of 'farm stewardship", is that all support subject to these conditions (area-based payments on agricultural land) is deemed compliant with the principle of 'do no significant harm'. However, the reality is that the nature of the conditions does not prevent environmental harm occurring as a result of some of the support measures underpinned by farm stewardship conditions, for example degressive area-based income support and coupled income support, thus rendering the DNSH principle somewhat toothless.

5. Other potentially welcome changes include a **greater emphasis on supporting a protein crop transition**, with the CMO regulation (COM(2025) 553) including provisions that should enable the sector to grow and marketing standards to be put in place to enable transparency about their origin. However, this does not appear to distinguish between those crops that are grown in a sustainable way and those that are not. In seeking to increase protein crop production in the EU, the emphasis should be on crops that make a positive environmental as well as economic contribution. And to support them with other measures aiming at an increase in plant-based protein consumption.

6. Finally, it is positive to see the **continued focus on innovation, knowledge sharing and advice provision** within the proposals and that it will be compulsory for Member States to provide support for these purposes, including for EIP-AGRI operational groups. It is less clear where the provisions for 'territorial and local cooperation initiatives' are (intervention 'n' in the Article 5 list). These sorts of initiatives are particularly valuable for taking forward cooperative and landscape scale approaches for environmental management, such as for biodiversity conservation and water management, with evidence showing the need to

[8] In the current period, the simplification packages had led to organic farmers being deemed compliant with only a proportion of GAEC standards (not GAEC 2 – protection of wetland and peatland, GAEC 8 – landscape features; and GAEC 9 – ban on ploughing permanent grassland in Natura 2000 areas.

increase the use of these approaches to deliver the scale of outcomes required (see, for example: ENCA, 2024; EU CAP Network, 2025).

Governance and assessing performance

The far greater discretion given to Member States to design the contents of their CAP expenditure and decide how to distribute the funding between the measures, alongside the more production-oriented nature of the proposals, creates significant risks about the likely level of environmental and climate ambition that could be expected under the CAP and within the NRPPs for the 2028-34 period. The governance structures and approval processes that are put in place to oversee the drafting and implementation of the NRPPs, both at EU and national and regional level therefore will be critical. So too will any rules put in place to ensure coherence of the NRPPs with other pieces of environmental and climate legislation. Some initial reflections on the requirements in place in the proposed regulations are set out below.

1. The draft regulations indicate that Member States would still be required to produce a **needs assessment** and demonstrate how the Plans respond to and address the challenges they face, including those identified by the Commission[9]. However, there is a question about whether the level of obligation on Member States to have regard to their **obligations under relevant EU environmental and climate law** related to agriculture and land management are in practice to be weakened under the proposals. It looks as if the requirements are much more limited than is currently the case, with Member States only required to demonstrate that the NRPPs are coherent with national planning tools deriving from environmental and climate legislation beyond the national Nature Restoration Plans under Regulation (EU) 2024/1991 and the National Energy and Climate Plans under Regulation (2018/199) – see Annex V, Section 1.3 of the proposed NRPF regulation. The main omissions seem to be requirements relating to water (e.g. in relation to the Nitrates Directive and the Water Framework Directive) as well as pesticides.

2. One of the ways in which environmental and climate ambition has been improved in previous CAP plan iterations is through having **robust approval systems** in place whereby the Commission can hold Member States to account and request changes to be made before their plans and associated funding are signed off. Commission approval would be required for the NRRPs (Article 23 of the NRPF), which includes the CAP elements. However, given the greater discretion available to Member States, it will be important that the approval and subsequent monitoring processes are thorough and to ensure that the Member State/regional needs assessments are rigorous and accurate; that the intervention logics for the architecture and funding proposed are consistent with and proportionate in relation to the needs and priorities set out in the needs assessment and that all objectives are given due attention, that avoidable conflicts and trade-offs between objectives do not

[9] The Commission would send country-specific recommendations to each Member State as is currently the case.

arise (or are minimised where these are identified) and that sufficient attention is applied to addressing environment and climate needs. At the moment the proposals do not specify what checks and balances would be in place in a situation where CAP specific support plans put forward by Member States did not adequately address environmental and climate objectives, such as those set out in Article 4 of the proposed CAP regulation. Strong inputs from all relevant Commission Directorates will be needed and adequate capacity available to carry out the assessments. For the environment and climate this means a clear role for DG Environment and DG Climate Action alongside DG Agriculture. It also requires that the Commission is given sufficient time to undertake the necessary scrutiny and follow up processes. This has been problematic in the past (Baldock and Bradley, 2023).

The proposal for a **mid-term review of the NRPPs** is welcome, providing an opportunity to take into account new challenges and any shocks that may have occurred since the plan had been drawn up. However, it will be important to ensure that any revised plan submitted following the review does not weaken any environmental or climate elements of the plans.

3. **Stakeholder engagement.** A requirement for substantive stakeholder participation in plan development is an important principle to ensure that a wide range of relevant views and needs are taken on board. The track record on this in Member States in relation to the CAP has been very mixed, particularly with respect to environmental civil society organisations. The partnership and multilevel governance requirements (Article 6 of the NRPF) require all relevant partners to be involved, including environmental partners and this applies to all funding under the NRPF, including the CAP. Although not new, when done well, this can enable greater coordination, integration and therefore better outcomes. A close eye will need to be kept on this to be sure that the ring-fencing of agricultural support does not lead to a ring-fencing of the actors included in the decision-making processes.

4. Another important element to support the successful operation of the CAP overall, including its environmental and climate dimensions, is networking, both within and between Member States. The **EU and national CAP networks** have played an important role in supporting the implementation and evaluation of the CAP as well as promoting innovation and AKIS. It is very positive that these networks are proposed to be continued in the future (Article 57 of the NRPF).

5. Finally, Monitoring and Evaluation Frameworks are fundamental to the success of policies and are instrumental in ensuring accountability, fostering learning, and informing evidence-based decision-making. A separate regulation sets out the **Performance Framework** for all the funds that sit under the MFF (COM 2025(545). This is intended to streamline and harmonise the system for monitoring and reporting on EU spending. As well as specifying horizontal requirements, such as those relating to DNSH and the climate and environment mainstreaming targets discussed above, it also sets out a core set of indicators for measuring 'results achieved' by EU spending (preamble 3). These comprise a series of output and result indicators. Many of the CAP related indicators are set out under the heading of 'Agriculture and Fisheries' in Annex 1 to the proposal. Most of the current output and result indicators are included here. However, it is unclear where the current

suite of impact indicators for the CAP have gone. Impact type indicators are included for greenhouse gas emissions and ammonia, but not for any of the other environmental or climate dimensions. If the CAP is to move towards being more performance oriented, the impact indicators are essential, as these are the only indicators that demonstrate whether or not specific outcomes for environmental or climate aspects have been achieved. The draft regulation does state that '*The Commission may put in place additional elements for monitoring and reporting, including relevant indicators, for the purpose of measuring the impact of Union policies and actions more widely*'. A lot of time and effort has been put into developing impact indicators under the CAP and approaches developed for their assessment in Member States. Therefore, it will be essential that impact indicators are put in place as 'additional elements', building on the current suite of indicators available currently under the CAP.

Conclusions and recommendations

This briefing provides some initial reflections on the extent to which the proposed MFF and associated draft regulations provide the mechanisms and scale of funding required to engender the changes required to meet the EU's sustainability objectives and targets for the coming decade. The focus is predominantly on the CAP and whether the proposals are likely to encourage the much-needed transition towards a more sustainable agriculture and land use sector in the EU.

Overall, the draft regulations suggest **far less of an emphasis on the environment and climate than is currently the case** and create significant risks about the likely level of environmental and climate ambition that could be expected under the CAP and within the NRPPs for the 2028-34 period. The timely opportunity to make a step change in the environmental performance of the CAP has not been taken.

At a strategic level, environment and climate objectives have been downgraded and are missing from the core objectives of the NRPF despite the well documented triple planetary crisis facing humanity of climate change, biodiversity loss and pollution. At a more specific funding level, there are no longer any ring-fencing requirements for environmental and climate funding under the CAP nor are there any environmental schemes that are 100% EU funded, given the integration of eco-schemes with agri-environmental climate measures.

Together with the fact that a far greater number of measures are compulsory for Member States to put in place, this all creates a significant risk that Member States will not be incentivised, or even in a position to prioritise as much of their budgets to environmental and climate action as is currently the case.

At the same time, conditionality requirements (farm stewardship) are being weakened in favour of the theoretical preference for providing farmers with incentives to take action. These steps backwards contrast with the welcome addition of allowing Member States to pay farmers to transition towards resilient production systems for a period of years (under agri-environmental-climate actions). The need for transition reflected in this new provision means that more resources, not less, are required to deliver the outcomes required. Weakened incentives as well as relaxed regulation is not the formula required.

Nonetheless there are some welcome elements: degressivity, capping and targeting of area-based income support payments starts the process of re-directing the core support measure within the CAP in a new direction. Member States will have the opportunity to make more progressive choices in some areas of expenditure than they do now, if they choose to do so, including more creative use of combined CAP and Cohesion measures within the NRPF.

A fuller analysis is required before a detailed set of recommendations for change can be put forward. However, it is clear that a considerable number of changes would be required to the current suite of proposed regulations to give environmental and climate priorities the prominence and focus they require. Amongst those of highest priority are those set out in the Box below.

Box 3: Key changes required to improve the environmental and climate ambition of the proposals

1. Environmental and climate objectives should be given greater prominence by including them within the core NRPF objectives.
2. An environmental ring-fencing requirement should be reinstated within the 'income support' element of the CAP to ensure Member States allocate a minimum proportion of the budget to environment and climate priorities, including to enable the necessary environmental transition in agriculture and its associated supply chain sectors.
3. Restore 100% EU funding to a substantive element of the agri-environmental and climate actions intervention to incentivise Member States to maintain or increase funding to this intervention.
4. Reduce the number of interventions that are mandatory for Member States to offer, for example Coupled Income Support, and support in Areas facing Natural Constraints.
5. Re-strengthen the 'farm stewardship' conditionality requirements so that they genuinely provide a sustainability baseline underpinning CAP support and find ways to ensure that CAP support genuinely complies with the 'Do No Significant Harm' principle.

6. Strengthen the governance regime proposed to ensure that it includes meaningful environmental impact indicators and makes a clear and binding link to meeting EU environmental targets applicable to the agriculture sector.

7. Given the greater flexibilities and discretion given to Member States, ensure the approval processes for the NRPPs are sufficiently robust to ensure that environmental and climate needs are addressed appropriately and given the necessary prominence to underpin the future resilience of the agricultural sector and rural areas more broadly.

A long period of negotiations on these draft proposals now lies ahead. Now that the CAP falls within the wider scope of the NRPF, the decisions on the final outcomes will lie with a broader range of decision-makers, not just the Agriculture Council or the European Parliament's AGRI Committee. How far this will change the nature of the debates that have traditionally been led by agricultural interests, and ultimately the final outcomes, remains to be seen.

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