



**A COMMON AGRICULTURAL
POLICY FIT FOR THE FUTURE**

The vision of the organic movement for
the CAP post 2027

September 2024

Table of contents

Table of contents	1
1 Introduction.....	2
2 Legitimizing the CAP: setting objectives for the next CAP reform	3
2.1 Why a Common Agricultural Policy?	4
2.2 How the CAP can contribute to the agroecological transition: obstacles to overcome	4
3 The CAP needs to be changed at its core and to take a system-based approach.	5
3.1 The current structure of the CAP does not favour a systemic approach of agricultural production ...	5
3.2 The introduction of a whole-farm approach to boost environmental performance of farms in the next CAP reform	7
3.3 The current CAP structure does not deliver enough for social and economic sustainability.....	7
4 Long-term Vision for changing the CAP paradigm: the CAP as a vessel for the transition towards sustainable agri-food system.....	8
4.1 The next CAP reform must have a budget dedicated to socio-economic measures.....	8
4.2 The CAP should steer the agricultural system towards environmental sustainability by introducing proportionality between the level of environmental ambition of a farm and the funding for agricultural measures	9
4.3 The creation of 3 stages, based on environmental ambition	10
4.4 Funding dedicated to agricultural measures – national top-ups	11

Executive Summary

The European Union's agricultural and food system is in urgent need of transformation to improve environmental sustainability and farmers' economic well-being, while remaining competitive. IFOAM Organics Europe calls for an ambitious reform of the Common Agriculture Policy (CAP), that will enable an agroecological transition of the agri-food system benefiting all actors of society, farmers and citizens. The vision proposed by IFOAM Organics Europe insists on the need to adequately reward farmers engaged in sustainability systems, such as organic farmers, for the benefits they deliver to the environment and society.

As the agri-food sector is faced with multiple challenges, the CAP must undergo an ambitious reform to stay relevant and deliver environmental and socio-economic sustainability. Representing a significant share of the EU budget, this tool has the potential to steer the transition towards sustainability of the agri-food system. To do so, the CAP must take a systemic approach of agricultural production and have a budget dedicated for socio-economic criteria.

IFOAM Organics Europe proposes a three-stage approach to ensure proportionality between a farm's level of environmental ambition and the funding it receives, based on the four key areas of soil protection, water and climate impact, and biodiversity. This structure would maintain a high-level of environmental ambitions and introduce a coherent approach at farm level, facilitating the administration for farmers and national authorities. This vision meets two objectives: rewarding farmers already engaged in sustainable methods of production and supporting farmers in the gradual transition towards agroecology.

IFOAM Organics Europe also emphasizes the key role of the CAP when it comes to ensuring a stronger and fairer market regulation. This aspect should be developed, in order to at strengthen the role of farmers in the agri-food supply chain, increase their resilience to economic crisis and ensure a decent income. In complement of this, targeted measures should support farmers based on socio-economic criteria.

1 Introduction

The EU agricultural & food system needs to transform.

A transition of the European agri-food system is needed to improve people's health, the environment, and the economic well-being of farmers. Like it was mentioned at the last UNFCCC COP, agricultural and food systems must urgently adapt and transform¹. IFOAM Organics Europe believes that change is necessary to build an agri-food system working with nature, which would benefit all farmers and citizens.

The current agricultural system was built upon an intensive use of inputs such as synthetic pesticides and fertilizers, resulting in a dependence to these substances which is harming the environment, endangering natural ecosystems² and undermining European food sovereignty. This intensive and industrialised model of agriculture, supported by a large part of the CAP subsidies, has created a system that is impinging severely on the different planetary boundaries, causing disastrous impacts on biodiversity, soils, water, climate and nature in general³. These pressures are undermining the ecosystem services on which the European agri-food system depend to produce food.

This approach of agriculture also puts farmers under pressure. Indeed, this dependency to chemical inputs imposes a heavy weight on farmers, increasing their costs and making them vulnerable to price increases due to external factors. A striking example of this was observed in the aftermath of the invasion of Ukraine, when prices of synthetic fertilizers sharply increased due to the rise of prices of Russian gas. In addition, farmers are compelled by the current system and policies to expand their farms to be able to make a living out of their work.

Moreover, as long as the issue of fair prices for farmers is not addressed adequately, the economic profitability of farms, and therefore their economic sustainability, will be at stake, with the consequences observed during the winter of 2023 to 2024 and the farmers protests all over Europe. The current agricultural system does not benefit most farmers and even pushes many of them out of the profession: in 2020, there were 9.1 million farms in the EU, which is 5.3 million fewer farms than in 2005 (the equivalent of a decline of about 37%)⁴. This trend does not seem to reverse since it is estimated that, by 2040, the EU might lose an additional 6.4 million farms, resulting in a remaining number of approximately 3.9 million farms across the EU. This would mean a 62% decrease compared to 2016⁵. The highest decrease is to be expected for smaller, often family farms, while the number of large farms should increase.

The answer of the EU institutions to the farmers protests of the last months has been to quickly propose and adopt a "simplification" of the CAP⁶ to alleviate the "administrative burden" of farmers, whose main practical effect is a weakening of the environmental conditionality of the CAP, without providing additional incentives for farmers to adopt more sustainable practices. Administrative burden is a real issue, but such a simplification fails to provide a vision for the future of agriculture, does not address the financial difficulties of farmers, and does not tackle the root causes behind the farmers' protests. Lowering the environmental delivery of the CAP even threatens the future of farmers as it does not incentivize them to prepare for the climatic and environmental changes expected in the next decade. It also undermines the legitimacy of the CAP. It is a complete misconception to blame environmental legislation, the European Green Deal, or the Farm to Fork strategy as the cause of farmers' difficulties. The reality is that the main actions of the Farm to Fork strategy have been either derailed (such as the SUR), delayed or significantly weakened (such as the NRL), and have had no impact on farmers to date. Furthermore, no strong link was established between the current CAP (which had been designed

¹ <https://www.cop28.com/en/food-and-agriculture>

² <https://www.annualreviews.org/doi/full/10.1146/annurev-environ-120920-111015>

³ https://www.ipcc.ch/site/assets/uploads/sites/4/2022/11/SRCLL_SPM.pdf

⁴ <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/DDN-20230403-2>

⁵ [https://www.europarl.europa.eu/RegData/etudes/STUD/2022/699620/IPOL_STU\(2022\)699620_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2022/699620/IPOL_STU(2022)699620_EN.pdf)

⁶ https://ec.europa.eu/commission/presscorner/detail/en/IP_24_1493

and proposed in 2018, long before the Green Deal) and the Farm to Fork or the Biodiversity strategy. Only a review clause was foreseen to incorporate potential new legislation in 2025⁷.

Despite the recent polarization due to misguided political narratives that attempt to pit farmers against nature protection, the agri-food system still needs to evolve and to engage in a transition towards sustainability. IFOAM Organics Europe believes that an organic, agroecological transition is the only way to build a system that will benefit the environment, farmers and citizens. As the only legally regulated form of agroecological system in the EU, organic agriculture is well-placed to scale up and guide this transition. The 25% target for organic land has been the aspect of the Farm to Fork and EU biodiversity strategies that has yielded the most tangible and positive results. This target is an acknowledgement of the benefits of organic agriculture for nature, people and farmers, and a recognition that organic agriculture is an essential policy tool to make European agriculture more sustainable. In the framework of the design and review of national CAP Strategic Plans, having a target for organic land has incentivised the Commission and Member States to set up national targets and to provide more support to organic farmers. Although the aggregated budgets of Member States dedicated to organic farming in the CAP Strategic Plans are not sufficient to collectively reach the 25% target by 2030, the existence of a target for organic land coupled with a clear EU Action Plan to develop both the production and the market for organic products, has had a direct impact on the CAP implementation, and a practical and positive impact for farmers and nature across the territory of the European Union⁸.

Drawing on lessons learnt in the last five years, to enhance the legitimacy of the CAP, to reduce its complexity, and to make it an effective tool to incentivise and support farmers to adopt more sustainable practices, it is time to provide organic agriculture a more prominent role in the CAP, in line with the 25% target for organic of the EU.

According to the French Court of Accounts report on the support for organic farming published in June 2022⁹: *“the Court of Accounts, after a detailed review of the scientific literature, recalls the benefits of organic farming, particularly in terms of health and the environment, and observes that the development of organic farming is the best way to make the agri-environmental transition successful and lead so-called conventional farms towards more environmentally friendly practices. However, the policy of support for organic farming remains insufficient [...]”*

IFOAM Organics Europe calls for a CAP that will enable an agroecological transition of the agricultural system, that will incentivize and support all farmers to engage into a whole farm sustainability pathway, that will adequately reward organic farmers for the benefits they deliver to the environment and society, and that will be less complex to implement for farmers and national administrations.

2 Legitimizing the CAP: setting objectives for the next CAP reform

Before presenting the general principles of the vision of the organic movement for the next CAP, it is important to reflect on two decisive points:

- Why should the EU continue to fund the CAP?
- What are the obstacles of the current architecture of the CAP to lead a transition towards agroecological systems?

⁷ Regulation (EU) 2021/2115): “By 31 December 2025, the Commission shall submit a report to the European Parliament and the Council in order to assess the operation of the new delivery model by the Member States and consistency and combined contribution of the interventions in Member States’ CAP Strategic Plans to achieving environmental and climate-related commitments of the Union. When necessary, the Commission shall issue recommendations to the Member States to facilitate the achievement of those commitments.” <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2115>

⁸ This is a clear outcome of the OrganicTargets4EU project, highlighted in this deliverable: https://organictargets.eu/wp-content/uploads/2024/02/OrganicTargets4EU_D1.2_Assessment_agricultural_and_aquaculture_policy.

⁹ <https://www.ccomptes.fr/en/publications/support-organic-farming>

2.1 Why a Common Agricultural Policy?

The relative share of the CAP in the EU budget considerably decreased, going from almost 60% in the 1980's to 30% today¹⁰. This tendency is not expected to reverse in the next years, considering the numerous expectations on the EU budget and the many transnational challenges that must be addressed. Therefore, what justifies such a wide public support to the agricultural sector, and what should it aim to achieve?

While there are reasons to call into question the size of the budget devoted to the CAP¹¹, there is a strong argument in favour of the maintenance of a significant share of the EU budget for the CAP:

- the CAP has the potential to finance an agroecological transition, that is an essential part of the answer to the challenges of mitigating and adapting to the impacts of the climate change, and of stopping the collapse of biodiversity.

As stated above, the Common Agricultural Policy represents 31% of the EU budget for the period 2021-2027: it remains a significant share of the budget, with a great potential to shape the agricultural system¹². With the right repurpose of this policy tool, it has the potential to finance an agroecological transition, that is crucial to secure the productive capacity of European agroecosystems, safeguarding the needs of present and future citizens.

The CAP introduced public intervention in the agricultural sector, mainstreaming the use of public money to support it. However, it is largely accepted that any use of public money should be targeted cautiously, to benefit the greater number and to provide social, economic and environmental benefits. Like seen above, our current agri-food system is not sustainable, and the role played by the CAP in this system should be highlighted. The CAP needs to redirect its focus and finance a transition to wide scale agroecology, a system that can ensure food security, increase the food autonomy of the EU and preserve and enhance natural ecosystem in the long-term¹³.

Therefore, to ensure that a significant part of the CAP budget develops and promotes agroecology, it is necessary to have this acknowledged in the **Multiannual Financial Framework (MFF)** that will be used as a basis on how the CAP can structure its funding. Indeed, the MFF defines the money that will be allocated for seven years to the CAP (by the inclusion of ceilings that ought to be respected by the Council and the Parliament in the annual vote of the budget) and sets important rules for the CAP, such as the structure of the CAP (so far the two pillars structure) but also the share of CAP expenditure dedicated to climate action. Given the importance of the MFF for the final outcome of the next CAP, it is important that an adequate share of the budget is ringfenced for the development and the promotion of organic farming, the only legally regulated form of agroecology and the EU leading project to achieve sustainability in agriculture.

2.2 How the CAP can contribute to the agroecological transition: obstacles to overcome

The EU agri-food system is facing several structural issues that need to be overcome in order to engage in a transition. The key objectives of a CAP reform should be: ensuring a stronger role for farmers in the agri-food chain to tackle the issue of unfair prices and decent income; providing high quality food for EU citizens, available and affordable for all; promoting a sustainable agricultural system, whether in terms of environmental performances, or social and economic ones, and resilient to future crisis.

¹⁰ European Commission, Directorate-General for Budget, *EU budget policy brief – The evolving nature of the EU budget. #1, October 2021*, Publications Office of the European Union, 2021, <https://data.europa.eu/doi/10.2761/216223>

¹¹ IDDRI, June 2023. "Greening the agrifood system through the EU budget: can we repurpose agricultural subsidies?". https://www.iddri.org/sites/default/files/PDF/Publications/Catalogue%20iddri/D%C3%A9cryptage/202306-IB0523-CAP%20MFF_0.pdf

¹² OECD report "Policies for the Future of Farming and Food in the European Union" 2023, available [here](#).

¹³ TPOrganics, 2023. "Organic and agroecological farming: safeguarding long-term food security" https://tporganics.eu/wp-content/uploads/2023/09/TPO_RnI_food_security_policy_brief_202309.pdf

The CAP must contribute to these new objectives and address the environmental and biodiversity crisis, which it has not sufficiently addressed so far^{14 15}. Some structural obstacles prevented the previous CAP reform to do so, namely:

- The CAP is still overwhelmingly focused on international price competitiveness, which comes with a standardization and promotion of low-cost commodity production (untargeted payments under Pillar 1). Phasing out this current approach of producing “cheap food” for global markets is necessary since it does not deliver in terms of environmental sustainability, but also fails to provide economic and social benefits for farmers in the EU and for populations of third countries.
- The novelties introduced by the latest CAP reform to address the environmental and climate crisis (enhanced conditionality and eco-schemes) have not been enough to steer the CAP on a new path and deliver environmental benefits. These new tools largely focus on single practices rather than on a whole-farm approach, which hinders their potential. Moreover, while the introduction of the social conditionality and the Regulation of the Common Market Organisation (CMO) hold good potential, some structural aspects in their design (the scope of the social conditionality for example, excluding key agricultural sectors) may prevent them to have a significant impact in the course of this new CAP.

3 The CAP needs to be changed at its core and to take a system-based approach.

So far, the different reforms of the CAP attempted to integrate sustainability into an already existing system. By taking this approach, the CAP reforms lacked coherence and did not reach the sustainability goals set by the EU, neither on the environmental aspect¹⁶, nor on the social and economic aspects. A shift to a CAP built within the framework of sustainability is necessary: fair to the people, allowing farmers to decently live off their work, providing healthy, nutritious food to citizens and is set within the planetary boundaries. The organic movement’s vision for the CAP seeks to place sustainable development at the heart of agricultural policy to create a new deal between farmers and citizens.

3.1 The current structure of the CAP does not favour a systemic approach of agricultural production

The integration of sustainability on an ad-hoc basis in the new (2021) CAP architecture resulted in a precarious system. However, efforts were made to integrate sustainability, especially environmental sustainability in the CAP architecture.

- A new enhanced conditionality sometimes at odds with the realities of farmers

This CAP reenforced the conditionality of direct payments, introduced with the good agricultural and environmental conditions (the GAECs). The introduction of this enhanced conditionality was supposed to put an end to the delivery of untargeted payments through pillar one and ensure that, to receive public money through direct payments, farmers had to comply with minimum requirements which would prevent the most harmful practices for the environment. However, the GAECs fell short to ensure a true environmental sustainability by

¹⁴ Special report from the European Court of Auditors: “Common Agricultural Policy and climate, Half of EU climate spending but farm emissions are not decreasing” 2021. Available [here](#).

¹⁵ Replies from the European Court of Auditors to the European Commission on “EU effort for sustainable soil management, unambitious standards and limited targeting” which contains a section on the shortcomings of the level of ambition in the enhanced conditionality of the CAP 2023-2027. Available [here](#).

¹⁶ EEB, BirdLife, Greenpeace, 2021. “Does the new CAP measure up?”. <https://eeb.org/wp-content/uploads/2021/06/Copy-of-10-tests-for-a-Green-Deal-compatible-farm-policy.pdf>

introducing limited requirements^{17 18}. More problematic, the GAECs were designed to address the negative impacts of conventional agriculture practices but are not adapted to farmers engaged in methods of production such as organic farming, which do not rely on synthetic pesticides and herbicides, in particular to control weeds. Therefore, while organic farming largely contributes to the objectives set in the GAECs¹⁹ – its environmental benefits going largely beyond - organic farmers could be hindered in their practices by these requirements, which sometimes go against the management methods of organic farming (for example, organic farmers sometimes use uncovered soil to kill problematic root weeds, which was forbidden by GAEC 6).

- The eco-schemes: a missed opportunity to significantly incentivize farmers to adopt sustainable methods of production.

The eco-schemes, key novelties in the new CAP, hold potential and could be a promising way to incentivize the adoption of good agricultural practices, but most eco-schemes created by Member States have too little environmental ambition. According to a report by environmental NGOs, only 19% of eco-schemes are likely to deliver on their stated environmental objectives, while 40% need significant improvements to be effective and 41% are completely misaligned²⁰.

Furthermore, something very problematic appears in the structure of these eco-schemes: they create a competition between single practices and system-approach rewards (like the support measures for organic farming, whether through eco-schemes or agri-environmental measures), ending up with situations where farmers practicing systems-approaches like organic farming, can receive less environmental funding than conventional farmers combining several schemes rewarding practices that are also standard practices under organic management, or deliver less than a system-based approach. This creates a lack of comparative advantage for organic farmers, since conventional farmers can be remunerated equally – or sometimes even more, by adopting single practices that deliver fewer environmental benefits than the whole farm systemic approach of organic agriculture. Moreover, the inability or limited options in some Member States of combining organic schemes with other schemes (eco-schemes or agri-environmental measures of the pillar 2) due to narrow interpretations of the “no double-funding” concept, reinforces this lack of comparative advantage and attractiveness for organic farming. This is notably the case in Bulgaria, Estonia, Finland, Germany, Ireland, Latvia and Spain. Hence, in these countries, conventional farmers will be less incentivized to convert to organic farming, and this can even lead to deconversions.

This situation is highly counterproductive and sends confusing signals to farmers since the most ambitious environmental systemic approach (organic farming) can be less favoured in environmental measures than less ambitious approaches. This system does not provide possibilities to reward organic farmers for their environmental and climate performance in areas beyond the scope of the organic regulation. **There should be proportionality between the level of ambition of farm systems, which will be used to determine the environmental benefits of the farm, and the level of funding.**

¹⁷ Press release from EEB, 2022. “New Common Agriculture Policy (CAP) plans ignore climate reality and biodiversity crisis”. This press release refers to several briefings on environmental aspects and present the limitations on the conditionality towards them. For example, when it comes to grasslands: “*New CAP conditionality leaves large areas of grasslands unprotected, including the most valuable ones. Even if protected, most grasslands are poorly managed. Management schemes that have potential to support sustainable management and protect biodiversity are underfunded, while most funds still support intensification. Measures that would encourage reduction of livestock are missing.*” <https://eeb.org/new-common-agricultural-policy-cap-plans-ignore-climate-reality-and-biodiversity-crisis/>

¹⁸ Arc2020, 2020. “Cap Reform, No change of System Apparent”. <https://www.arc2020.eu/cap-reform-no-change-of-system-apparent/>

¹⁹ Regulation (EU) 2021/2115 which sets the list of GAECs and their corresponding objectives: GAEC 1, *general safeguard against conversion to other agricultural uses to preserve carbon stock*; GAEC 2, *protection of carbon-rich soils*; GAEC 3, *maintenance of soil organic matter*; GAEC 4, *protection of river courses against pollution and run-off*; GAEC 5, *minimum land management reflecting site specific conditions to limit erosion*; GAEC 6, *protection of soils in periods that are most sensitive*; GAEC 7, *preserving the soil potential*; GAEC 8, *maintenance of non-productive features and area to improve on-farm biodiversity*. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2115>

²⁰ WWF, EEB, BirdLife, 2021. “Will CAP eco-schemes be worth their name? An assessment of draft eco-schemes proposed by Member States”. <https://www.wwf.eu/?5312391/Joint-NGO-assessment-Will-CAP-eco-schemes-be-worth-their-name>

3.2 The introduction of a whole-farm approach to boost environmental performance of farms in the next CAP reform

A whole-farm approach should be the reference to determine the level of ambition of a farm, instead of funding individual practices. Indeed, single practices may have detrimental effects if their implementation leads to significant environmental trade-offs. This is why the “whole-farm approach” should be the base of the structure of the next CAP. The whole-farm approach refers to farm businesses managed within a designated system approach, taking into account the interconnectedness of management practices on the land to deliver broader environmental benefits. A system-based approach appears like the best way to deliver public goods because of the synergies created from looking at the whole farm: for example, carbon sequestration, natural flood management, genuine integrated pest management (where nature-based solutions are used in priority and chemical pesticides only as a last resort), increased biodiversity, and better regeneration of natural capital. Organic farming is the only legally regulated whole-farm system since the organic regulation ([Regulation \(EU\) 2018/848](#)) sets up a set of compulsory requirements to be implemented to obtain the organic certification. This legal compliance makes it a reliable system, trustworthy for citizens and public authorities, and whose environmental benefits are proven and documented by scientific literature²¹. Indeed, the organic regulation states that “*organic production is an overall system of farm management and food production that combines best environmental and climate action practices, a high level of biodiversity, the preservation of natural resources and the application of high animal welfare standards.*” Therefore, it is coherent and cost-effective that organic is recognized and promoted in a CAP system built around the whole-farm approach.

3.3 The current CAP structure does not deliver enough for social and economic sustainability

A system-based approach must consider all aspects of sustainability; thus, it is crucial to look into the social and economic sustainability of farmers – and how the CAP can contribute. Despite the numerous CAP reforms, direct payments based on the number of hectares still represent the core of the CAP architecture and the most secure way for farmers – or landowners - to increase the funding they receive from the CAP. However, these types of payments are unfit to redistribute funding towards farms engaged in the agroecological transition, and to incentivize improvements of the farming system. Instead, it tends to reinforce the phenomenon of farm concentration, reducing the number of farms in the EU. Therefore, while direct payments do represent an important safety net for many European farmers by providing them with an income, the biggest share of this budget goes to a small group of beneficiaries. The now famous statistics proves this state of play: 20% of the beneficiaries receive 80% of the direct payments²². Even more striking, 1,3% of the beneficiaries received 23.3% of the direct payments in 2020 (because they own 28,5% of the agricultural land in the EU)²³. This system reinforces the existing pressure on land and is making its access increasingly difficult for young generations and newcomers in the agricultural sector.

While this approach through direct payments could be legitimized with the rationale that farmers are the “stewards of the land” and therefore, should receive appropriate compensation for managing it, it falls short faced with the misappropriations of direct payments (concentration of beneficiaries like seen above for example) and the requirements for the good management of the land, with the conditionality supposed to ensure a minimum level of environmental management of the land which was, however, weakened by the recent CAP simplification. Therefore, it is necessary to look at a new approach for providing farmers with a decent income, but also to reflect why this is still necessary in the CAP.

On the latter, it is indeed important to reflect on the need for a basic income paid by public money for farmers, who produce and sell goods on the market. Because the market for agricultural goods and foodstuffs is neither

²¹ An overview of the multiple benefits of organic farming can be found in IFOAM position paper: “*Organic agriculture and its benefits for climate and biodiversity*”. Available [here](#).

²² Official numbers from the European Commission on Direct Payments to agricultural producers: https://agriculture.ec.europa.eu/system/files/2021-11/direct-aid-report-2020_en_0.pdf

²³ Same source as above: https://agriculture.ec.europa.eu/system/files/2021-11/direct-aid-report-2020_en_0.pdf

fair nor efficiently regulated, it is increasingly hard for farmers to make a living solely from the market. The CAP has the potential to act more on the market (through the Common Market Organization Regulation) but also in relation to other regulatory initiatives (such as the Unfair Trading Practices) and other non-regulatory initiatives (like the Expert Group on the Observatory of the Agri-Food Chain of the European Commission). Establishing a fair and stable market that ensures fair prices and decent incomes for farmers should be a key aspect of European policy, and of the CAP –together with other initiatives. These changes will require time and adjustments, and like the farmers’ protests of 2023 and 2024 showed, the farmers’ living conditions are alarming already now. The frequent economic crisis weakened the position of farmers, already increasingly difficult because of the rising frequency of extreme climatic events which endanger their means of production. Therefore, some immediate actions must be taken in that regard.

4 Long-term Vision for changing the CAP paradigm: the CAP as a vessel for the transition towards sustainable agri-food system

The next CAP reform needs to propose a new deal between farmers and citizens, taking into account the environmental and socio-economic performance of the European agri-food sector. To achieve this, an ambitious reform, planned in different phases will be necessary. The vision in this paper focuses on the first phase. The CAP needs to operate a radical shift and build a system rewarding farmers already engaged in sustainable methods of production and accompanying the ones who need more support to undertake a transition to ensure the environmental sustainability of the farming sector. Moreover, the CAP needs to take a stronger part in reinforcing the role of farmers in the agri-food chain which means taking a more active role in the regulation of markets and ensuring farmers a stronger position in it. This will require several actions and extensive collaboration in the agri-food chain, beyond the CAP Regulations.

The next CAP should have two different lines of fundings, separate: one providing funding based on socio-economic criteria, and another one remunerating farmers for the contribution of their farms to the protection of ecosystems services. This change in the funding will have considerable impact in terms of the distribution of the overall budget of the farm, while still providing farmers with an income.

4.1 The next CAP reform must have a budget dedicated to socio-economic measures

Like said above, some actions need to be taken to ensure a decent income for farmers, while establishing tools for a market able to provide fair prices for farmers with instruments within the CAP, notably using the potential of the Common Market Organization regulation, and instruments from European policies external to the CAP, like the Unfair Trading Practices Directive for example. A structure to provide funding for farmers based on socio-economic criteria within the CAP is necessary. Different options to either change the hectare metric or combine it with others to allow a better targeting of the beneficiaries to deliver this socio-economic payment could be explored (e.g. keeping the hectare metric but with a capping system). Indeed, the direct payments exclusively based on the hectare metric like it is currently the case showed its shortcomings and, while it makes sense to still include this metric when calculating agricultural and environmental measures, untargeted payments should not be solely based on it. Instead, a radical shift should be taken, by remodelling this funding into a social budget for farmers. Rethinking support proportionally to social and economic criteria would allow farmers to get a decent income and provide an advantage to farmers engaged in more labour-intensive production systems, such as organic farming and other agroecological systems, but also small farms, young farmers or farmers operating in less favoured natural areas.

Moreover, such a shift should contribute to a fairer redistribution of CAP money: whether between large, medium and small farms, but also in terms of redistribution of funds within the CAP, since changing the terms of

the current direct payments would liberate a considerable amount of budget²⁴ to put on the second part of the proposed architecture, linked to the agricultural measures.

4.2 The CAP should steer the agricultural system towards environmental sustainability by introducing proportionality between the level of environmental ambition of a farm and the funding for agricultural measures

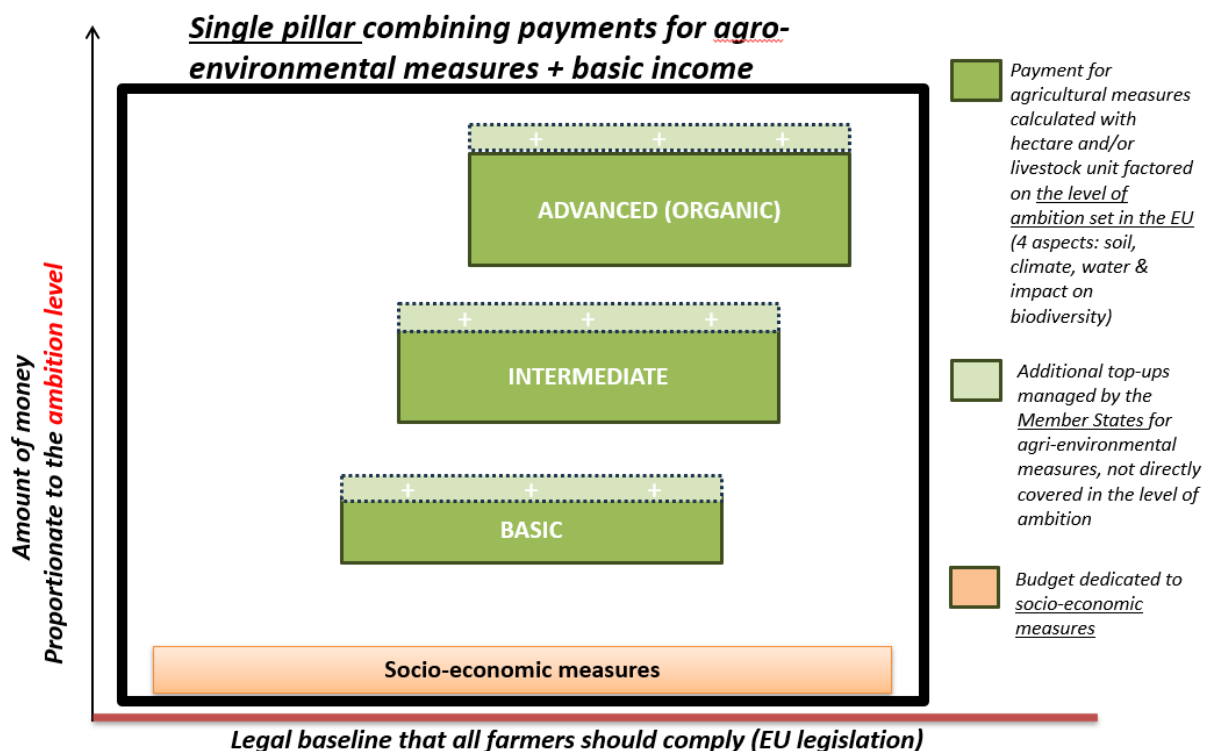
Basing the funding for agricultural measures on a targeted farm-system approach would ensure more autonomy and agency for farmers to take strategic decisions on their farms while avoiding detrimental environmental trade-offs. To design this systemic approach, it would be necessary to gather all payments for agricultural measures into three stages of progression which must be designed in a way that reflects the environmental ambition of a farm and consider the hot spots of the agricultural sector. Four key aspects must be used to creating the different stages, namely:

- Protection of soil
- Impact on water (water quality and water use)
- Impact on climate
- Impact on biodiversity

Within these 4 aspects, the choice of indicators will be crucial to determine the impact of agricultural systems. They must be chosen regarding their contribution to the aspect(s) concerned and will vary regarding the sector of activity. Indicators should take into account the intensity of inputs use, and all the negative and positive externalities on biodiversity triggered by different farming systems and methods of production. However, while flexibility and availability of data will be considered when designing these indicators, they should always be assessed regarding their contribution to the hot spots of the agricultural sector: one indicator will be considered as relevant if it is able to provide relevant information on the most impactful effects of the agricultural activity analysed. To provide this assessment, it's important to differentiate per type of farm: indicators that would be relevant for arable lands may not be relevant for dairy farms or horticulture for example. Importantly, the aspects and indicators should be defined at EU level, to ensure a strong harmonization throughout Europe.

²⁴ As a reminder, the Direct Payments described in this paragraph (BISS; CIS; CIS-YF and CRISS) represent 46% of the total public expenditure of the CAP. Therefore, almost half of the CAP budget could be distributed in a more targeted way. Data and number available here: <https://www.europarl.europa.eu/factsheets/en/sheet/106/financing-of-the-cap>

New Green & Fair CAP structure



4.3 The creation of 3 stages, based on environmental ambition

Structuring CAP interventions in several stages would meet two objectives: rewarding farmers already engaged in sustainable methods of production which deliver important environmental benefits, such as organic farmers, by granting them a place at the top of the system, and supporting farmers who need more efforts and time to change their current practices, by integrating a “middle level”.

The first stage should be opened to all farmers who respect the legal baseline of environmental requirements. This legal baseline would be different than the GAECs perspective since the GAECs are more prescriptive in their approach, on which practices can or cannot be done, while the legal baseline proposed should be thought as mandatory rules preventing the most harmful agricultural practices. The acceptance and effectiveness of this legal baseline cannot be achieved without the participation of farmers’ and farmers’ representatives - both conventional and organic, as well as small-scale farmers - and of stakeholders from the civil society. This legal baseline will determine the first level of ambition of the CAP and thus, the conditions of accession to public funds for farmers. Therefore, it needs to be designed through a broad inclusive and participatory process. This first stage of agricultural measures should be inclusive enough to allow all farmers to embark in this transition, while still being ambitious in regard of the urgency of the situation that the world is facing in terms of environment and climate crisis.

Importantly, organic farming should be recognized as the most advanced stage to receive CAP funding. This would grandly facilitate the application of organic farmers and allow them to benefit from CAP funding in an automatic way. This would also be a good way to encourage more farmers to convert to organic and would be in line with the 25% organic goal set by the EU. Moreover, this would simplify the administrative burden for farmers and ensure that the CAP budget is dedicated mainly to farmers and not in doubled controls, since organic farmers are already regularly controlled by certification bodies. Importantly, a significant share of the budget must be ringfenced for this stage of organic farming, using the data already known (number of organic producers, expected growth, etc) and the 25% goal of organic land, to ensure that organic farmers are receiving adequate

funding and provide financial certainty. This would allow them to safely project on the future and realize the necessary investments for their farms.

Finally, the total amount that farmers of the first stage would receive (funding of the first stage added to potential top-ups) should never be equal or higher than the “basic” funding of the second stage. Similarly, the total amount of the second stage (funding of the second stage added to potential top-ups) should never be equal or higher than the “basic” funding of the organic stage. Indeed, this model should incentivize farmers to reach higher stages and therefore improve the environmental sustainability of their farms. The efforts and investments engaged to move from one stage to another must be rewarded, therefore, the difference between each stage must be significant enough to provide this incentive.

4.4 Funding dedicated to agricultural measures – national top-ups

While farmers will receive the main part of the environmental funding for agricultural measures via the calculation realized in the stages, extra top-ups can be added for each level. These top-ups will be managed by the Member States, either at the national level or at the regional/local level. The inclusion of such top-ups is necessary for several reasons:

- while the 4 aspects defined earlier will give a holistic view of the environmental sustainability of the farm, some elements or practices can be hard to fit into a scheme of general progression but deserve to be properly rewarded.
- the architecture proposed prevents farmers to go from one stage to the next without undertaking significant improvements on their farm. Therefore, it can take a long time before accessing the next stage. It's important that farmers implementing improvements can be rewarded even if they haven't yet reached the next level of ambition. Similarly, farmers that are on the highest stage (organic) but are working well beyond the requirements of the organic regulation should be rewarded adequately.
- not all Member States and regions have the same priorities when it comes to their agricultural sector and environment. It's important that Member States and local governments are still being given flexibility to introduce their priorities in the support farmers will receive.

These instruments can be seen as the continuation of the agri-environmental measures of the current CAP, present in the second pillar. Therefore, due to the prominent role of Member States in these new instruments as well as their involvement in this pillar over the past decades, existing national structures and programmes should manage the design and implementation of these top-ups. Indeed, it is crucial to build up on the expertise that Member States and local administrations already have to ensure a smooth transition.

While this new model focuses on the general structure proposed of the CAP, specific payments such as the support for young farmers, the payments for areas facing natural constraints, investment grants, etc, should still be considered as they represent significant funds received from the CAP for some farmers and could be included in this new model, similarly with the need for a dedicated approach for small farms.

IFOAM Organics Europe is the European umbrella organisation for organic food and farming. With almost 200 members in 34 European countries, our work spans the entire organic food chain and beyond: from farmers and processors organisations, retailers, certifiers, consultants, traders, and researchers to environmental and consumer advocacy bodies.



The work of IFOAM Organics Europe on this topic is co-financed by the LIFE programme of the European Union, under the Climate, Infrastructure and Environment Executive Agency (CINEA). This page only reflects the views of the authors and its sole responsibility lies with IFOAM Organics Europe. The CINEA is not responsible for any use that may be made of the information provided.