Financing adaptation in EU agriculture

European Commission

The Vision for Agriculture and Food: Future-proofing the agri-food sector

An **attractive** and **predictable** agri-food sector where incomes enable farmers to thrive, attracting future generations

ATTRACTIVENESS

An agri-food sector that is **competitive** and **resilient** in the face of rising global competition and shocks

COMPETITIVENESS & RESILIENCE

A **future proof** agri-food sector that is functioning within planetary boundaries

SUSTAINABILITY

An agri-food sector that values **food**, fosters **fair working and living conditions** and vibrant and well-connected rural and coastal areas

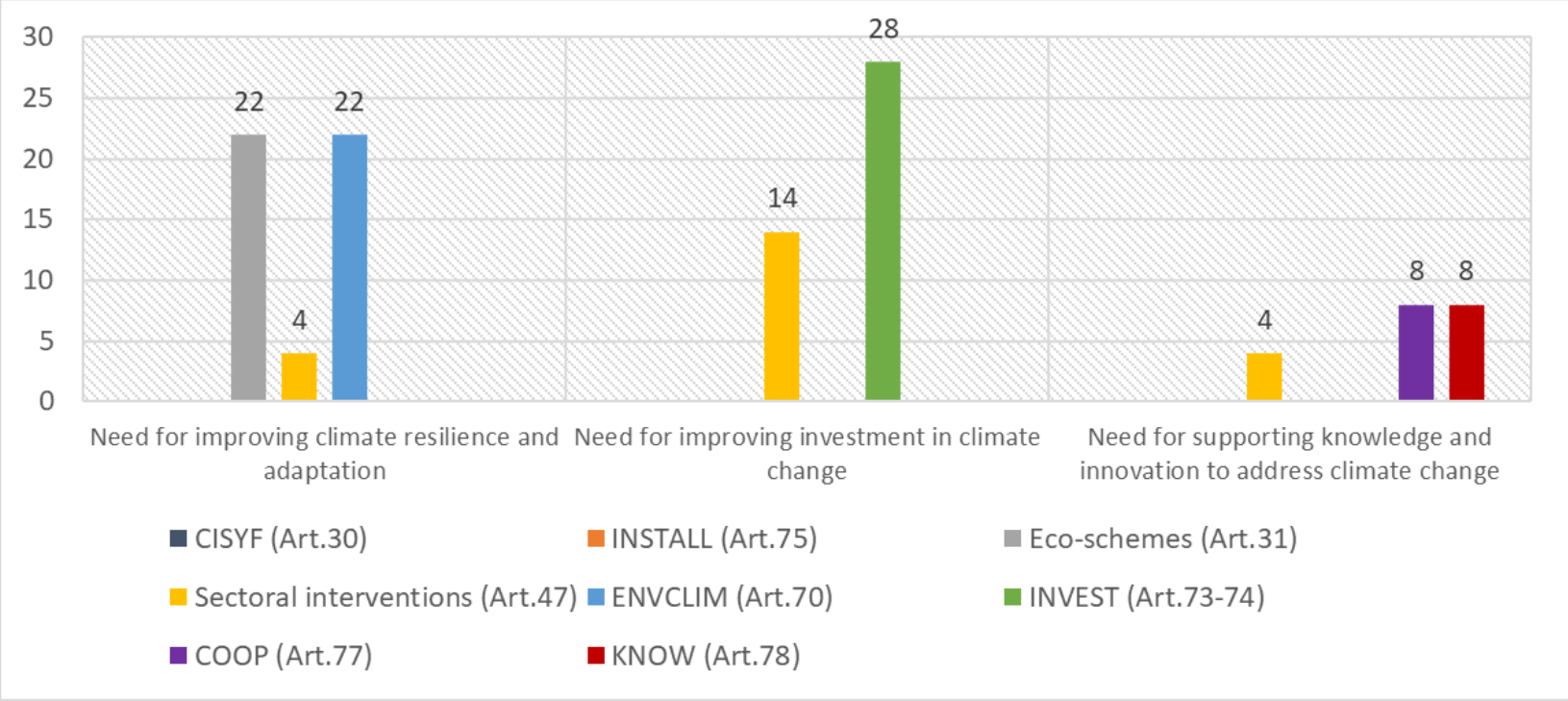
FAIRNESS

European Commission

Financing adapation in the current EU Common Agricultural Policy (CAP)

Financing adaptation in agriculture in the CAP

Number of CAP Strategic Plans with different types of interventions to address the clusters of needs related to climate change adaptation

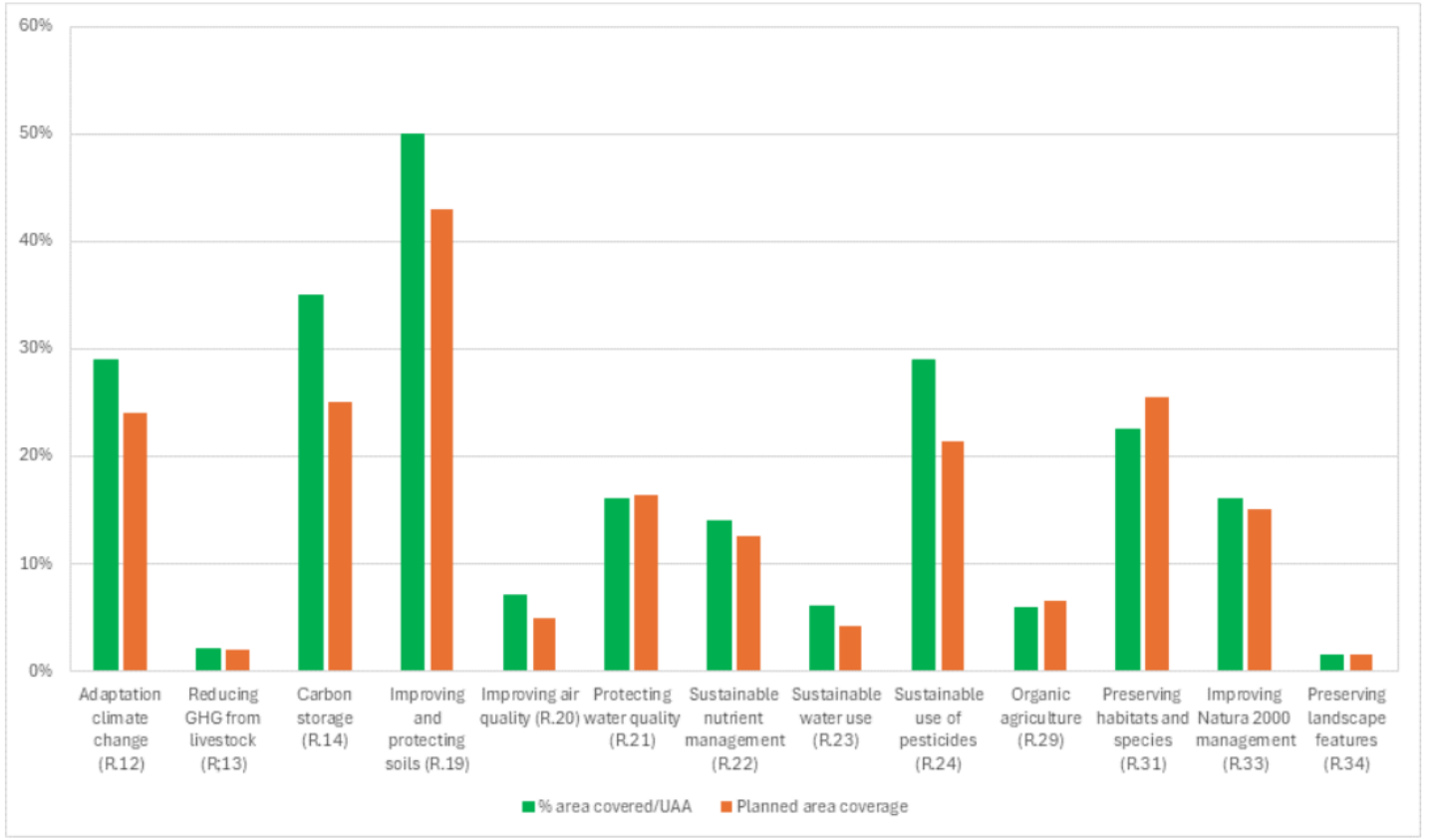


Source: adapted from [Mapping and Analysis of CAP Strategic Plans - European Commission] – table from forthcoming report on Changing farming systems (2025)

CAP interventions to address CCA needs

- **Eco-schemes, environmental, climate-related, and other management commitments:** Promote climate-resilient practices to encourage e.g. crop diversification, agro-ecological practices, soil and water management, etc.
- **Investment Support**: Subsidies for irrigation and equipment to foster farm modernisation in adapting to climate change.
- **Sectoral Interventions, cooperation**: Strengthen farmers' cooperatives and value chains through operational programmes, diversify markets, manage crises, and integrate climate measures.
- **Risk Management Tools:** Subsidise crop insurance and mutual aid funds to stabilise incomes against climate hazards. In France, Poland and Romania, CAP funds are used to cover part of the eligible insurance premiums (40 to 50% of these costs in the case of France).
- **Compensatory Payments for areas vulnerable to climate change** : Financial aid for farmers in climate-vulnerable areas.
- **Knowledge exchange and dissemination of information**

Overview of interventions related to adaptation



The 28 CAP Strategic Plans Underway. Summary of implementation in 2023-2024 – facts and figures. DG AGRI, June 2025

Adaptation intervention examples

BE-Flanders: eco-scheme: cultivation of environmentally, biodiversity-friendly and climate-resilient crops (ecocropping)

Bulgaria: support the cultivation of varieties resistant to climatic conditions through integrated production practices

Greece: eco-scheme supporting the use of resilient and adapted species and varieties, targeting crops that require only rainwater or have low irrigation needs

Germany: eco-scheme: growing of diverse crops with at least five main crop types in arable farming, including the cultivation of leguminous crops with a minimum of 10 %

Croatia: eco-scheme: minimum share of legumes of 20 % within agricultural areas.

Good practice CSP examples: IE & NL

IE Investments in rainwater harvesting, storage, and precision farming (LESS) improve water use efficiency and reduce inputs (fertiliser, water, pesticides).
• AEC Cooperation (Art. 77) enables landscape-level water retention with project teams (e.g. blanket bog restoration) and supports flood mitigation on farmland.
• Local area plans align with Natura 2000 & WFD goals.
• Results-based components and EIP-Agri calls target water quality innovations.

NLCollective AEC & cooperation support wetland and peatland restoration.

- Eco-scheme promotes paludiculture in peat meadows.
- Strategy integrates nature, water, and climate objectives.
- Cooperation enables trialling & scaling of innovative approaches.

Good practice example: Spain

- Intervention: *'**Support for productive investments in agricultural holdings linked to contributing to climate change mitigation-adaptation, efficient use of natural resources and animal welfare' (EUR 175 M)***
- Supports adaptation to climate change & efficient resource use.
- Promotes drought-resistant crops, diversified farming, and climate-resilient varieties.
- Includes water, soil, and air management investments.
- Also includes investment for efficient management of water, soil and air resources
- At least 3% water use reduction for suboptimal water bodies, unless higher percentages are mandated

In **2025**, **EUR 60 billion loss*** is a realistic extreme disaster year for EU agriculture
(crops & livestock)

By **2050** the overall EU extreme losses are forecast to grow by 50%
EUR >90 billion

2025

Annual Average Loss EUR >28 billion

2050

Annual Average Loss EUR >40 billion

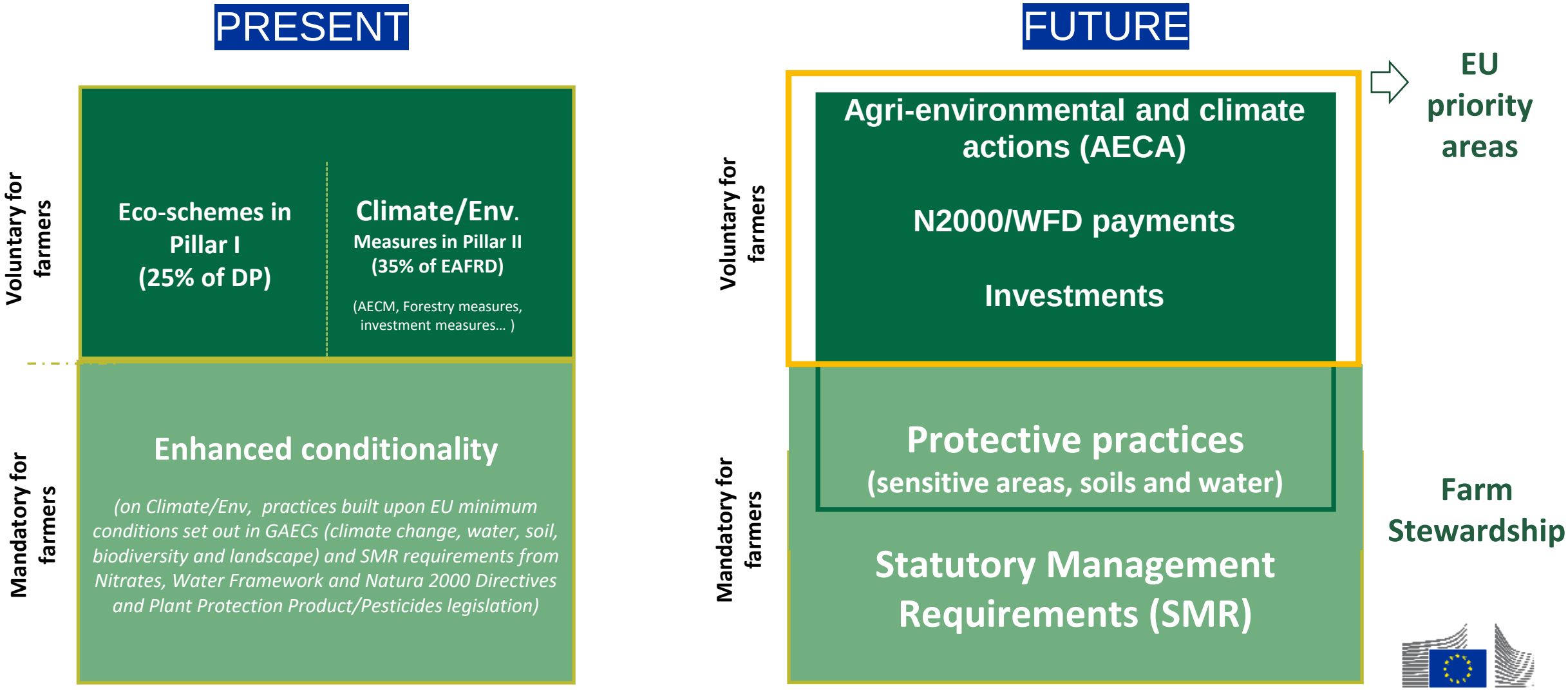
*PML - EU-27 Probable Maximum Loss from extremes with a 2% annual probability of occurring

Risk management

- CAP promotes i) prevention of risk (e.g. eco-schemes, AECM, rural development), ii) risk management (crop insurance, mutual funds, income stabilisation tools) , iii) crisis reserve is for residual risks and extreme events.
- There will always be residual risk, so the CAP agricultural reserve of €450 million per year exists to cope with exceptional events affecting production or distribution.
- The key is to balance public support with private responsibility to avoid excessive dependence, risk-taking and underperformance (e.g. preventative action for premium reduction for insurance).
- Monitoring, evaluation and performance-based indicators, audits and controls help ensure funds are not spent on maladaptive behaviour.

The CAP within the new Multiannual Financial Framework (MFF) and support for climate action 2028 – 2034

The new green architecture



Environment and climate priority areas

1. Member States must provide support in **ALL the following areas**
   - Climate change adaptation and water resilience
   - Climate change mitigation
   - Soil health
   - Biodiversity
   - Organic farming
   - Animal health and welfare

2. In areas with water pollution due to nitrate surplus (**hotspots**), Member States must offer support to farmers for:
   - Extensification of livestock systems OR
   - Diversification to other agricultural activities

3. **Support** may be granted under any of the interventions that are part of the green architecture:
   - Disadvantages resulting from certain mandatory requirements
   - Agri-environmental and climate actions
   - Investments

Overall, what are the key new elements for climate action in agriculture?

- ✓ **New environmental and climate priority areas**, giving focus on essential issues for the future of agriculture to all MS
- ✓ **Toolkit more flexible under the CAP** with more potential (e.g. payment per livestock unit more relevant for incentivising the reduction of emissions than per hectare)
- ✓ **New farm transition payments**: very relevant for transformative changes needed to adapt to climate change (in the form of lump-sum, on the basis of a transition plan, up to 200.000 EUR)
- ✓ **Possibilities to finance protective practices**, such as for peatland, which can help make them more efficient (and more acceptable) while still compulsory
- ✓ **An improved monitoring system +** systematic links with JRC classification of practices to allow more automatic calculations.
- ✓ **A harmonised climate mitigation and climate adaptation tracking**.
- ✓ **GHG emissions avoided and removals** in tCO_2e as a key result indicator across CAP interventions

Environmental effectiveness

Study Findings: Environmental Potential of CAP Strategic Plans (2023–2027)

- A recent study estimates:
  - **35 Mt CO_2e/year** from GHG reduction & enhanced removals.
  - **32 Mt CO_2e/year** from protecting existing carbon sinks.
- **Main contributing practices**:
  - Crop rotation/diversification
  - Cover crops
  - Organic farming
- **Effectiveness depends on**:
  - Farmer uptake
  - Additionality of practices
  - Influence of prior CAP funding
  - Complementary actions outside CSPs

Overview of CAP interventions

- European Commission | Agri-food data portal | Catalogue of CAP Interventions
- CAP Strategic Plans - European Commission; for overview see: The 28 CAP Strategic Plans underway: summary of implementation in 2023-24 (June, 2025)
- EP report discussing CAP interventions related to adaptation: The impact of extreme climate events on agriculture production in the EU (April, 2023)
- Proposed CSPs: Key facts and figures (June, 2022)
- JRC Resilience Dashboard: Agricultural resilience indicator

Thank you for your attention!