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Importance of CAP Pillar 2 supports to Irish farmers & Rural Areas

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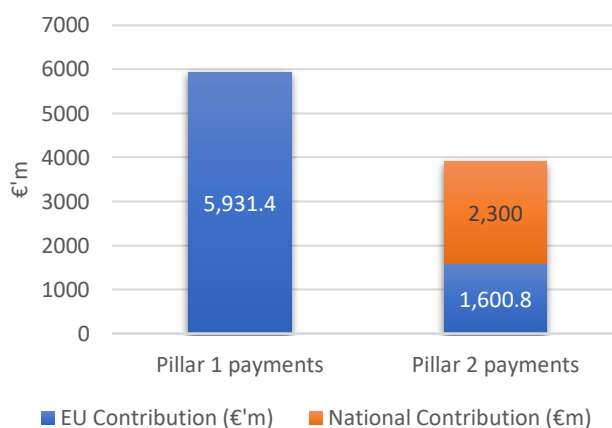
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STRATEGIC IMPORTANCE OF CAP PILLAR 2 SUPPORTS TO IRISH FARMERS & RURAL AREAS

- CAP Pillar 2 supports have been in place since 2000.
- They span targeted support for young farmers; female farmers and vulnerable sectors (ANC; SCEP; SIM); rural development (LEADER), agri-environmental (ACRES; Organics; EIPs) & Innovation (TAMS; KT) measures.
- Together, these Pillar 2 supports align very much with EU Commission stated priorities per their 'Vision for Agriculture & Food' report:
 - ✓ Supporting Generational Renewal
 - ✓ Fostering Knowledge Transfer & Innovation
 - ✓ Enhancing Sector Competitiveness & Resilience
 - ✓ Preserving healthy soils, clean water and air
 - ✓ Restoring EU's biodiversity

CAP Strategic Plan (2023-2027)



Pillar 2 supports are core to the Economic; Environmental & Social Sustainability of Irish farms and rural areas (both directly & indirectly) and must be retained in the next CAP.

Economic Sustainability Pillar 2 supports are based on Costs Incurred Income foregone. Without them, key environmental action may be constrained and/or farm income cut severely	Year: 2024	Family Farm Income (FFI)	Pillar 1 payment	Pillar 2 payment	Total Direct Payments (DP)	P1 as % FFI	P2 as % FFI	DP as % FFI
	Average €/farm					%		
	Dairying	108,189	17,612	7,027	24,639	16	6	23
	Cattle Rearing	13,547	7,741	10,187	17,928	57	75	132
	Cattle Other	18,101	8,464	7,223	15,687	47	40	87
	Sheep	27,796	13,584	15,027	28,611	49	54	103
	Tillage	38,685	20,217	12,203	32,420	52	32	84
	All Farms	35,937	11,730	9,701	21,431	33	27	60

(Source: Teagasc National Farm Survey, 2024)

Environmental Sustainability Pillar 2 supports have supported huge levels of environmental action and investment on farm helping reduce GHG; improve water quality & preserve EU biodiversity & habitat	<ul style="list-style-type: none"> ✓ Area of land farmed organically has trebled to 248,000ha (>5% of land area) in recent years ✓ Fertiliser-related emissions back 30% - reduced N use & transition to more sustainable fertilisers. ✓ Through ACRES: 44,000 Non-Productive Investments applied for <ul style="list-style-type: none"> ○ 900km of Field Margins created [that's Dublin to Milan, Italy] ○ 6,400km of Watercourses protected [more than twice Ireland's coastline; 17 times the length of the River Shannon] ○ 216,000ha of Extensively Grazed Pasture ○ 800,000 native trees planted (more trees than population of Dublin City) ○ 3,800km of Hedges managed [that's from Dublin to Rome (& back!)] ○ 10,300km of Traditional Stone Walls preserved [Dublin to New York return (& some!)] ○ 7,600ha of Wild Bird Food planted & 14,000 Barn Owl boxes erected ✓ Soil carbon increased on 67,000ha through Straw Incorporation Measure scheme ✓ Via TAMS, increased use of Low Emission Slurry Spreading – c.80% on dairy farms; c.40% on cattle farms ✓ Appropriate farmland management & reduced risk of land abandonment on 118,000 holdings via ANC receipts
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(Source: DAFM; Teagasc National Farm Survey)

Social Sustainability Pillar 2 supports have supported Generational Renewal and Economic Development in Rural Areas	LEADER 2014-2022: <ul style="list-style-type: none"> ✓ Supported over 5,800 projects ✓ Created over 4,000 jobs (FTE) ✓ Sustained over 12,500 jobs ✓ C.46,000 participants completed training 	Generational Renewal: Alongside 6,800 CIS-Young Farmer payments, <ul style="list-style-type: none"> ✓ 265 received Farm Partnership / Succession Planning advise through Collaborative Farming Grant ✓ C.2,600 applications received for Young Farmer Capital Investment Scheme (Tranche 1-6) to support on-farm investment; improved efficiencies & resilience.
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(Source: DAFM & DCRD)

POSSIBLE THREAT TO CONTINUATION OF PILLAR 2 PAYMENTS:

- The European Commission is preparing for the next multiannual financial framework (MFF), the EU's long-term budget, which will start in 2028. Initial proposals are expected from July 16th in tandem, unlike years previous, rushed proposals for the next Common Agricultural Policy (CAP).
- While meaningful engagement and clarity has been absent to date, the Commission have stated that the 'status quo' is not an option given budgetary pressures and new priorities (defence; security; migration). Suggestions have been made toward the creation of a Single Fund; together with possible merging of Pillar 2 supports within Other Funds (e.g. Cohesion).
- Loss of Pillar 2 supports would contradict Commission priorities within the 'EU Vision for Agriculture & Food report to 2040'. It would undermine the traditional CAP as we know it (cornerstone of Europe's competitiveness & food sovereignty); increase complexity & financial uncertainty at farm level; negatively impact EU rural areas and the appeal of farming for both existing and future generations.

COHESION FUND – WHAT IS IT

- The Cohesion policy accounts for one-third of the existing MFF (2021-2027) - c.€378bn, of which the Cohesion Fund is one instrument, alongside the European Social Fund +, the European Regional Development Fund and the Just Transition Fund.
- The Cohesion Fund provides support to Member States with a gross national income (GNI) per capita below 90% EU-27 average to strengthen the economic, social and territorial cohesion of the EU.
- For the 2021-2027 period, the Cohesion Fund concerns Bulgaria, Czechia, Estonia, Greece, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.
- It funds specific areas (infrastructure, innovation, education, and social programmes) to reduce the disparities and imbalances (economic, social & territorial) between different regions within the EU.
- It also supports the green transition - renewable energy; energy efficiency; transport infrastructure, and environmental protection, as well as seeking to boost employment and economic growth, again predominantly for those lagging.
- In simple terms, the Cohesion Policy seeks to support less developed regions catch up with more prosperous ones. Given Ireland is among EU's most developed nations, it receives low levels of funding from Cohesion policy. Ireland will benefit from €1.4 billion in Cohesion Policy funding between 2021-2027.

IFA POSITION:

- Europe needs a stronger, simpler & dedicated (inflation adjusted) CAP, underpinned by traditional 2 pillar (EAGF & EAFRD) funding model. New priorities should not dampen the fundamental importance of existing ones. Agriculture, Food Security & Rural Development remains as important strategically as ever before.
- With continued and prolonged operational challenges from multiple sources, at a minimum, and in whatever format necessary, Irish and EU farmers need the full complement of targeted Pillar 1 and Pillar 2 interventions (fully funded) currently available.
- The problems in rural areas will not be solved with moving financial support away from farmers.

ADDITIONAL SUGGESTED AMENDS TO PILLAR II INTERVENTIONS IN NEXT CAP:

- Pillar II measures retained (with max. national co-financing) for vulnerable sectors & strategic priorities (YF; Organics, etc).
- The 'costs incurred/income foregone' approach should be changed, reflecting the min not max payment possible.
- Agri-environmental schemes should be available to all; practical and encompass evidence-based environmental measures that work alongside output and efficiency; with more attractive payments provided (incl. loyalty bonus).
- Organics - Organic Farm Scheme (& participation maintenance) retained with continued support for market developments.
- Forestry – revisions re planting depth on peat soils ($\leq 50\text{cm}$); mandatory broadleaf requirements; State Aid to support farmers with ash dieback required.
- ANC – essential to avoid land abandonment. Increased budget & return to past eligible land thresholds required.
- Producer Organisations – should be available across all sectors; be adequately resourced, & farmer friendly.
- TAMS - All farm related items returned, with few additions (dribble bar; ATV; UTV; virtual collars/fencing; quad gates etc.) and herd size restrictions removed. Reduce supporting/certification required and increase investment ceilings and reference costings to better reflect market realities.
- LEADER Programme - a sustainable budget should be provided for future LEADER Programmes
- Natura 2000 sites – economic impact needs to be better realised. A 'no compensation, no designation' policy should apply.
- EIPs - locally led schemes, audited and proven to deliver environmental benefit, should be reinstated in the next CAP.
- Risk Management – primary objective should be to keep farmers productive to ensure food security. Toolbox of interventions required, retaining voluntary nature of establishing risk management system within/outside the CAP.

Appendix: Potential financial loss of Pillar 2 receipts by Region, County & Farm Scheme

Economic Impact - Loss of Pillar 2 supports (Entire)					Economic Impact - Pillar 2 cut by EU contributions only. National contribution retained.				
Regional Impact		County Impact			Regional Impact		County Impact		
	€m/yr		€m/yr ¹	€'000/farm ²		€m/yr		€m/yr	€'000/farm*
South-East	76.16	Carlow	14.51	8.6	South-East	30.464	Carlow	5.8	3.4
		Kilkenny	21.52	7.2			Kilkenny	8.6	2.9
		Waterford	14.44	7.0			Waterford	5.8	2.8
		Wexford	25.69	6.7			Wexford	10.3	2.7
Border	178.31	Cavan	34.23	7.8	Border	71.324	Cavan	13.7	3.1
		Donegal	64.29	8.1			Donegal	25.7	3.2
		Leitrim	30.55	9.1			Leitrim	12.2	3.7
		Monaghan	20.98	5.8			Monaghan	8.4	2.3
Mid-West	125.99	Sligo	28.26	7.7	Mid-West	50.396	Sligo	11.3	3.1
		Clare	47.77	8.4			Clare	19.1	3.4
		Limerick	31.43	6.7			Limerick	12.6	2.7
		Tipperary	46.79	7.4			Tipperary	18.7	3.0
South-West	149.12	Cork	86.16	7.3	South-West	59.648	Cork	34.5	2.9
		Kerry	62.96	8.8			Kerry	25.2	3.5
Dublin & Mid-East	67.69	Dublin	8.95	12.4	Dublin & Mid-East	27.076	Dublin	3.6	5.0
		Kildare	11.42	5.6			Kildare	4.6	2.3
		Louth	8.5	6.1			Louth	3.4	2.4
		Meath	19.92	6.0			Meath	8.0	2.4
West	202.02	Wicklow	18.9	10.0	West	80.808	Wicklow	7.6	4.0
		Galway	83.72	7.5			Galway	33.5	3.0
		Mayo	76.93	7.6			Mayo	30.8	3.0
		Roscommon	41.37	8.1			Roscommon	16.5	3.3
Midlands	75.51	Laois	15.7	6.5	Midlands	30.204	Laois	6.3	2.6
		Longford	20.09	8.9			Longford	8.0	3.6
		Offaly	16.96	6.8			Offaly	6.8	2.7
		Westmeath	22.76	7.5			Westmeath	9.1	3.0
State	874.8		874.8	7.7		349.9		349.9	3.1

¹ IFA estimate based on average 2023/24 Total Payments and 2023 Pillar 1 receipts per 2024 DAFM Annual Review & Outlook report & Parliamentary Questions

² IFA estimate based on number of Pillar 1 recipients per county per 2024 DAFM Annual Review & Outlook report

Farm Scheme	EU contributions (€) (Spanning 2023-2027)
ACRES	611,759,067
Area Natural Constraint	502,625,000
Collaborative Farming Grant	804,200
CPD-Advisors	763,990
Dairy Beef Welfare Scheme	10,052,500
Early-Stage Support for PO's	597,119
EIPs	14,523,852
KT Programme	28,589,310
LEADER	77,940,000
Organic Farming Scheme	103,005,902
SCEP Training	1,608,400
Sheep Improvement Scheme	40,210,000
Straw Incorporation Scheme	20,105,000
Suckler Carbon Efficiency Programme	102,937,600
TAMS (Excl. RDP expenditure)	40,210,000
	1,555,764,940

(Source: DAFM CAP Strategic Plan)

Completed: June 2025. Subject to ongoing review. Further detail on IFA CAP post-2027 Principles is available on the IFA website.