Feirmeoirí Aontaithe na hÉireann
The Irish Farmers' Association
IFA

July 2025

MMF / CAP Post-2027

Summary of EU Commission Multi-annual Financial Framework (MFF) & Common Agricultural Policy (CAP) post-2027 Proposals

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Summary note: EU Commission Multi-annual Financial Framework (MFF) & CAP post-2027 proposals

1. WHAT IS THE MULTI-ANNUAL FINANCIAL FRAMEWORK (MFF)?

The MFF is Europe's long-term budget, financing strategic priorities across Member States (MS), spanning 2028-2034 (inclusive).

On July 16th, the European Commission proposed the largest ever MFF (€1.98 trillion [1.26% of EU GNI] (nominal in current prices) vs. €1.2 trillion [1.1% of EU GNI] in 2021-2027 period), however of a very different structure to previous iterations. [Note: 0.11% of GNI (c.€168bn) of 2028-34 MFF will go toward repayment of Next GenerationEU debt from 2028].

Operating under 'Performance Framework Regulation' (unavailable presently) it is proposed the MFF will revolve around four principal headings (with previous independent EU programmes (incl. CAP) now grouped therein):

- Heading 1: Economic, social & territorial cohesion, agriculture, rural & maritime prosperity & security: €1,062bn allocated
- Heading 2: Competitiveness, prosperity & security: €590bn allocated;
- Heading 3: Global Europe: €215bn allocated; and,
- Heading 4: Administration: €118bn allocated.
- Beyond these four headings, a special reserve will be available to support Ukraine (€100bn).

Unlike years previous, there is an automatic inflation adjustment mechanism proposed. Ceilings would continue to be based on a 2% deflator when EU inflation is between 1% and 3%. When actual inflation is below 1% or above 3% adjustment will be made based on actual inflation, ensuring the ability of the EU budget to deliver is not unduly affected.

CAP is contained under Heading 1 and specifically within the €865bn 'National & Regional Partnership Plans' alongside the Cohesion Fund (€453bn allocated – similar to previous levels); Migration & Border Management (€34bn allocated); and a €72bn EU Facility (which includes a €6.3bn Agricultural Reserve for market disturbance (€900m/yr – double existing levels)).

Unlike many other cost centres (Proposed MFF allocations vs. last MFF: Horizon EU x2; Digital Innovation x5; Clean Tech, Bioeconomy, Decarbonisation x6; Defence x5; Defence Mobility x10) CAP, which was allocated €293bn under Pillar 1 and €94bn in Pillar 2 (which could be co-financed further by National Exchequer) in the 2021-2027 MFF, has been allocated a minimum of €296bn, ring-fenced for income support payments (Note: broader definition than current Pillar 1 perspective - including area-based payments; agri-environmental; investments; young farmer supports etc), with potential for co-financing and further funding across other programmes where synergies occur (e.g. Cohesion). Greater detail re CAP is outlined below.

2. HOW WILL THE NATIONAL & REGIONAL PARTNERSHIP PLANS (NRPP) WORK?

The NRPP will follow similar methodology as per design of the CAP Strategic Plans 2023-2027.

Each Member State is assigned a pre-allocated financial envelope - Ireland has been allocated €12.2bn NRPP funding, of which €0.5bn is for Social Climate Fund; and €0.3bn support for Migration, Security & Home Affairs. Currently IE draws c.€2bn EU funding/yr - €1.5bn for CAP; and €0.5bn for HorizonEU/Erasmus which will be financed in Heading 2, not NRPP.

Member States must design (with input from Commission; key Regions & stakeholders) a draft NRPP and submit to the Commission by 31 Jan 2028, outlining how national/regional priorities (by region/sector) would be addressed via Reforms/Investments. CAP will be one chapter. Minimum spending target toward Climate & Environmental objectives is 43%.

The provision of funds to Member States would be dependent on progress being achieved on the implementation of these measures rather than the reimbursement of eligible costs as done previously.

Flexibility would be provided to Member States to adjust/amend allocations within agreed Plans where new/unforeseen challenges/priorities emerge, with 25% of the national envelope held back at the beginning for same.

€150m loan facility to support MS implementation of plans available from Commission if required.

3. HOW IS THE MFF FUNDED OVERALL?

The MFF is predominantly funded by Member State contributions (which have largely remained constant) together with new 'own income' sources (c.€58.2bn/yr), including:

- Emissions Trading Scheme (ETS): €9.6bn
- Carbon Border Adjustment Mechanism (CBAM): €1.4bn
- E-Waste: €15bn
- Corporate Resource for Europe (CORE): €6.8bn [Flat annual levy: €100k for turnover €100m-€250m; €250k for turnover €200m-€500m; €500k for turnover €500m-€700m; and €750k for turnover greater than €700m.
- Tobacco Excise Duty: €11.2bn [+15% to current excise duties]
- Adjustments to existing Own resources (customs duties; non-recycled plastic packaging waste etc): €14.3bn

4. COMMON AGRICULTURAL POLICY (CAP) REGULATIONS

As outlined above, CAP would be financed via the National & Regional Partnership Fund (NRPF) and, at Member State level, require, with Commission input, a National & Regional Partnership Plan (NRPP) which will serve to achieve objectives broadly similar to previous CAP programmes:

- Contribute to fair & sufficient income for farmers and their long-term competitiveness, including the farmers position in the value chain;
- Improvement of attractiveness of the profession and foster generational renewal;
- Enhancing climate action, ecosystem services provision, the conservation of biodiversity and natural resources, sustainable farming and improve animal welfare;
- Improving resilience, farmers preparedness and ability to cope with crises and risks;
- Enhancing the access to acknowledge and accelerate innovation and the digital transition for a thriving agri-food sector.

The 2 Pillar CAP is gone – all interventions are retained and integrated into one umbrella. [Note, there is a new measure to cover support for farm relief services].

BISS; CRISS and Young-Farmer Top-Up are being replaced by a new scheme Degressive area-based income support (DAIS):

- Differentiated rates by groups of farmers or geographical areas linked to average agricultural income over new representative reference period (undefined). Planned average/hectare €130 (min) to €240 (max) for each Member State.
- Targeted at active farmers (i.e. those where agriculture is principal activity, or otherwise who meet minimum agricultural activity thresholds (MS defined, involving production of agri products / maintenance of agri areas)); and those that need it most – young and new farmers; women, family or small farmers; mixed crop/livestock farms and those operating on areas of natural constraint;
- Maximum payment per legal owner (irrespective of number of holdings owned) shall be €100,000 with a degressive approach applied to payments - those receiving between €20,000 and €50,000 will be cut by 25%; between €50,000 and €75,000 by 50%; and those receiving greater than €75,000 will be cut by 75%.
- Proposed also that by 2032, those who reach retirement age and in receipt of retirement pensions would also not be eligible for Income Support payments.

Coupled income support may be provided for specific agricultural sectors, products or types of farming undergoing difficulties. Maximum potential threshold increased to 20% (from 13%) with additional 5% potential for sectors & regions that need it most.

ECO & Climate/Environmental Measures (ACRES; Forestry; Investment measures etc) merged into Agri-Environmental & Climate Actions

Areas of Natural Constraint (ANC) carried over (compensation for additional costs or loss of income vs. non-ANC areas).

Member States may provide area-based support for cost incurred/income foregone in meeting the implementation of Directives 92/43/EEC (Conservation of Natural habitats and of wild fauna and flora); 2009/147/EC (Conservation of Wild Birds) or Directive 2000/60/EC (Framework for Community Action in the field of water policy) or other nature protection areas with environmental restrictions which contribute to implementation of Art 10 of Directive 92/43/EEC (up to max 5% Natura 2000 area).

Support for investments for farmers and forest holders will be mandatory for Member States – max 75% (85% for young farmers) of the total eligible costs. Investments for purchase of animals for rearing of bovine, sheep and goat pure-bred animals of high genetic value for breeding are now eligible.

- Support may be granted for investments to comply with new legislative requirements for a maximum 36 months.
- For young farmers setting up for the first time, the 36mths extends from the date of setting up, or until the actions defined in the business plan are completed.

Opportunity to provide (on voluntary basis) income support for small farmer (MS defined) - annual payment; max €3k - replacing DAIS; ANC & Coupled Income Support.

National plans must include a Generational Renewal strategy as well as a Young Farmer Starter Pack, encapsulating all available supports which is given to young farmers; support for setting-up of young farmers, rural business start-up and development of young farmers shall be provided by MS (if lump sums are used, there is a maximum of €300,000).

Support for each of the following Environmental & Climate Priority areas shall be provided:

- Climate change adaptation – including effluent management or water and improved resilience to droughts/floods
- Climate change mitigation – including carbon removals and on-farm renewables (incl biogas production)
- Preservation of biodiversity such as conservation of habitats or species, landscape features, reduction of pesticide use
- Development of Organic farming.
- Member States affected by water pollution must address nitrate surplus and provide support for diversification. Agri-environmental and Climate Actions can be annual or multi-annual, with support provided to measures that go beyond the statutory management requirements.

A new lump sum 'Transition Action' payment (max €200,000) may be provided to help de-risk the transition towards more sustainable and resilient farming systems.

Degressive Area-based Income support measures; Coupled Income Supports & Crop Specific payment for cotton will be 100% EU funded. Other measures can be co-financed – min 30%; increased co-financing rates possible (up to 85%) for young farmers.

Conditionality is now called 'Farm Stewardship' – a compositive of all current 11 Statutory Management Requirements (SMRs) plus 3 additional SMRs on occupational health and employment of workers (i.e. 3 Directives currently part of social conditionality) together with site specific 'Protective Practices' (formerly GAEC's) which Member States can define relevant practices for each objective:

a. protection of carbon-rich soils, landscape features and permanent grasslands;
b. protection of soil against erosion, preservation of soil potential, maintenance of soil organic matter, including through crop rotation/diversification as well as the protection against burning of stubble on arable land;
c. protection of river courses against pollution and run-off) at national/local level and provide possible exemptions and temporary derogations once overall objectives met.

Organic farmers are deemed compliant of protective practices b) and c), and if Agri-environment and Climate Actions are contributing to these objectives, the farmer may be considered compliant with the relevant practices. Member States also have flexibility to apply, in limited and justified circumstances, exemptions & derogations to Protective Measures.

A similar control & penalty system to what exists today is proposed to ensure compliance with the Farm Stewardship provisions. No Controls and penalties below 10ha; penalties set at 3% or 15% in the case of intentional non-compliance.

To receive support, farmers need to comply with Farm Stewardship and also the principle of 'Do No Significant Harm' – based on Commission technical guidance note to be designed by 1 January 2027 and taking account of existing legislative measures.

Member States shall (unless National scheme already exists) provide support to farmers for participation in risk management tools, ensuring that support is granted only for losses which exceed a threshold of at least 20% of the average annual production or income of the farmer in the preceding 3yr period, or a 3yr average based on the preceding 5yr period excluding the highest and lowest entry.

A dedicated Agricultural Reserve is gone, replaced by a broader €6.3bn Unity Safety Net (stabilisation of agricultural markets in times of market disturbances), effectively double existing. There is also provision for Member States to grant crisis payments to farmers following natural disasters.

Member States shall support LEADER (at least in rural areas with specific disadvantages; amounts undefined); EIP-AGRI operational groups and ensure through AKIS support that farmers and foresters have access to innovation and new knowledge in a timely manner.

5. NEXT STEPS

The Commission proposals are just the starting point. What follows next will be months of negotiations before the Heads of State approve the next MFF (requires unanimous approval) likely mid-2027.

Nationally, the first CAP post-2027 Consultative Committee meeting was held 17th July (next mid-Sept), wherein Minister Heydon acknowledged significant changes proposed, and that DAFM would be working toward Irish stated priorities for next CAP:

- Straightforward (understand & implement); more freedom to target to own circumstances; continuity of measures working well.
- Flexible & Responsive CAP: able to respond to new/emerging approaches and explore new funding streams additional and complementary to CAP
- Balanced focus on all aspects of Sustainability – Economic; Environmental & Social
- Adequate budget for effective CAP – full toolbox under Pillar 1 & 2 retained; stability and ability to plan ahead.

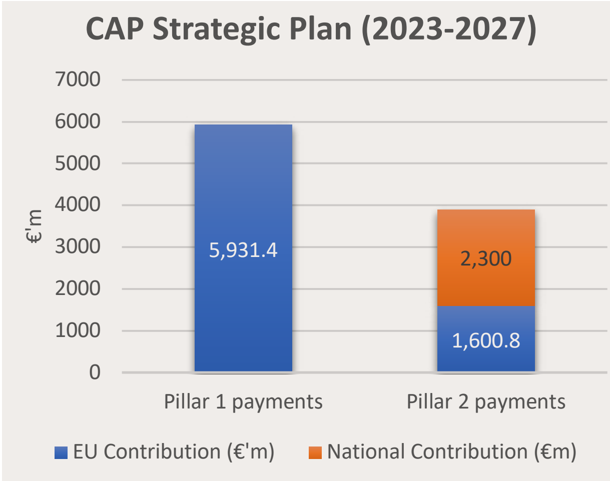
6. STRATEGIC IMPORTANCE OF CAP PILLAR 2 SUPPORTS TO IRISH FARMERS & RURAL AREAS

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 the EU Commission's 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 the EU's biodiversity



Pillar 2 supports are core to the economic, environmental and social sustainability of farms and rural areas (both directly & indirectly) and must be retained in the next CAP.

PILLAR 2 SUPPORTS ARE CORE TO THE ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY OF FARMS AND RURAL AREAS (BOTH DIRECTLY & INDIRECTLY) AND MUST BE RETAINED IN THE NEXT CAP.	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

6.1 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.

- 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
  - » 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 the 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 the 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
- Genetic & Welfare improvements on 16,000 beef farms and 19,000 sheep farms through SCEP & SIS.

(Source: DAFM; Teagasc National Farm Survey)

6.2 Social Sustainability

Pillar 2 supports have supported generational renewal and economic development in rural areas.

LEADER 2014-2022

- 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

- 265 received Farm Partnership / Succession Planning advice through the Collaborative Farming Grant
- C.2,600 applications received for Young Farmer Capital Investment Scheme (Tranche 1-6) to support on-farm investment, improved efficiencies and resilience.

(Source: DAFM & DCRD)

7. POSSIBLE THREAT TO CONTINUED AVAILABILITY OF PILLAR 2 PAYMENTS

- The Commission MFF proposals suggest the merging of many existing funding programmes into a National & Regional Partnership Fund to maximise synergies within each, such as Pillar 2 supports and Cohesion fund for example.
- While both position within the realm of broader Rural Development support, and are complementary of one another, they are markedly different, as outlined below.
- Loss of Pillar 2 supports, or greater likelihood of securing, would constrain on-farm endeavour across key EU social and environmental objectives; contradict Commission priorities within the 'EU Vision for Agriculture & Food report to 2040'. It would increase complexity & financial uncertainty at farm level; negatively impact EU rural areas and the appeal of farming for both existing and future generations.

8. 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 Irelands 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.

9. 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.

10. 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 (<50cm); 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

Region	County	Est. P1 payments per county	Est. P2 payments per county	Av 23/24 Total Payments per county	Est Av. P1 payment per farm	Est Av. P2 payment per farm
		€m	€m[1]	€m	€'000	€'000[2]
South East	Carlow	21.39	14.51	35.9	12.7	8.6
	Kilkenny	39.88	21.52	61.4	13.4	7.2
	Waterford	29.06	14.44	43.5	14.1	7.0
	Wexford	49.16	25.69	74.85	12.8	6.7
Border	Cavan	32.97	34.23	67.2	7.5	7.8
	Donegal	62.81	64.29	127.1	7.9	8.1
	Leitrim	24.5	30.55	55.05	7.3	9.1
	Monaghan	24.77	20.98	45.75	6.9	5.8
	Sligo	27.04	28.26	55.3	7.3	7.7
Mid-West	Clare	47.98	47.77	95.75	8.4	8.4
	Limerick	46.72	31.43	78.15	10.0	6.7
	Tipperary	79.81	46.79	126.6	12.7	7.4
South-West	Cork	135.69	86.16	221.85	11.5	7.3
	Kerry	70.44	62.96	133.4	9.9	8.8
Dublin & Mid-East	Dublin	9.9	8.95	18.85	13.7	12.4
	Kildare	26.88	11.42	38.3	13.3	5.6
	Louth	16.25	8.5	24.75	11.6	6.1
	Meath	40.93	19.92	60.85	12.2	6.0
	Wicklow	24.5	18.9	43.4	12.9	10.0
West	Galway	87.08	83.72	170.8	7.8	7.5
	Mayo	76.82	76.93	153.75	7.5	7.6
	Roscommon	37.23	41.37	78.6	7.3	8.1
Midlands	Laois	27.4	15.7	43.1	11.4	6.5
	Longford	18.06	20.09	38.15	8.0	8.9
	Offaly	27.54	16.96	44.5	11.1	6.8
	Westmeath	31.24	22.76	54	10.3	7.5

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 POS	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)

While every effort has been made to ensure the accuracy of the content contained in this report, not all key/pertinent information in relation to the MFF/CAP proposals has been released by the Commission at the time of its design. This report therefore is provided as an information guide only and is subject to change.

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