

# Joint Statement on the EU's Multiannual Financial Framework, Common Agricultural Policy and Financial Instruments for European unity, security, competitiveness, health and prosperity

This is written by the European Alliance for Regenerative Agriculture (EARA), European Landowners Organisation (ELO) and One Planet Business for Biodiversity (OP2B).

**Europe's security, competitiveness and global leadership depend on a decisive shift towards regenerating forms of agriculture. Without secure access to food and water, there is no security. Without primary resource resilience, competitiveness can only be theoretical. Without innovation, global leadership cannot be sustained. As the next Multiannual Financial Framework is created, regenerating forms of agriculture must be prioritised in an integrated manner.**

1. **Agriculture is inseparable** from topics of security, economy, health, nature and rural livelihoods. This is enshrined in Article 38 of the Treaty of the Functioning of the European Union, which recognises the fundamental nature of the sector in relation to the economies and citizens of Member States and Europe. Security is not just military, but includes food, water and social cohesion.
2. **An integrated approach** is required for developing the next budget, which can recognise the interlinked nature of the land use sector and the overall European economy. The segregation of policy objectives will not achieve any objectives of simplicity, competitiveness or efficiency. This is supported by the recommendations of Niinistö report on integrating Preparedness by Design into funding priorities, and its recognition that security and climate considerations are not mutually exclusive priorities. The MFF should not just fund agriculture, but also stability.
3. **Agriculture funding is a key part of strategic autonomy**, and should not be sacrificed in the name of other security spending. Food systems are critical infrastructure which form the economic base from which other forms of strategic capability can be developed. Undermining agriculture in pursuit of segregated policy objectives strategically weakens Europe. The Spring 2025 report from the European Food Security Crisis Preparedness and Response Mechanism (EFSCM) on the State of Food Security in the EU highlights a dual risk posed by Europe's dependency on external inputs; food inflation through unstable supply chains, and potential consequences for internal stability. Strategic autonomy (and by extension economic

sovereignty) therefore starts in the field; every hectare managed regeneratively is a step away from imported inputs, trade dependencies and ecological degradation.

Over the past two decades, the EU's funding of agriculture has dropped from 0.7% to 0.3% of GDP. On the contrary, other global powers (US, China, Russia<sup>1</sup>)<sup>2</sup> have not equally deprioritised public support of its agricultural sector.

4. **Agricultural funding and ecosystems funding are inseparable** and the best way to achieve the restoration of Europe's natural ecosystems is through the integration of biodiversity objectives, alongside broader climate and water goals into the overarching agricultural, rural livelihood and innovation priorities under the CAP. Similarly, integrating agricultural and ecosystem objectives with security objectives will fulfil the recommendations of the Niinistö report requiring that funding should have dual uses.
  
5. **The costs of inaction, or inefficient action, will exceed the cost of funding this integrated approach.** A significant share of noncommunicable diseases is driven by our agrifood systems, driven through unhealthy diets and broader health impacts of pollution, ecosystem degradation and other hidden costs of industrial agriculture.<sup>3</sup> Cancer and cardiovascular diseases alone cost the EU more than €307 billion annually.<sup>4</sup> Soil degradation and climate change led to €20 billion in damages from the flood in Valencia alone. In Europe, drought-related losses alone could reach €65 billion annually by 2100. Addressing the root causes of these costs would present the EU with better long term financial outcomes. From a security standpoint, without meaningful action to reverse the loss of Europe's ecological niche, the EU will develop new dependencies which will become even more acute during times of geopolitical confrontations.<sup>5</sup> Preparedness by design calls for embedding resilience within systems, not retrofitting it during crises.

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<sup>1</sup> Only after the onset of its full-scale invasion of Ukraine in 2022 did military spending by Russia surge to levels that began to relatively crowd out other forms of public investment, including agriculture.

<sup>2</sup> [OECD Agricultural Total Support Estimate](#)

<sup>3</sup> FAO The State of Food and Agriculture 2024,

[https://openknowledge.fao.org/server/api/core/bitstreams/f0ae2b1e-f24c-4847-b1d5-0ce182b298f1/content/state-of-food-and-agriculture-2024/executive-summary.html?utm\\_source=chatgpt.com#gsc.tab=0](https://openknowledge.fao.org/server/api/core/bitstreams/f0ae2b1e-f24c-4847-b1d5-0ce182b298f1/content/state-of-food-and-agriculture-2024/executive-summary.html?utm_source=chatgpt.com#gsc.tab=0)

<sup>4</sup> [https://knowledge4policy.ec.europa.eu/health-promotion-knowledge-gateway/cost-non-communicable-diseases-eu\\_en](https://knowledge4policy.ec.europa.eu/health-promotion-knowledge-gateway/cost-non-communicable-diseases-eu_en)

<sup>5</sup> Niinistö, S. (2024). *Safer Together: Strengthening Europe's Civilian and Military Resilience*. European Commission. p 49

The transition to regenerating forms of agriculture backed by performance based payments under the CAP remains the main lever for driving integrative objectives of the EU. The CAP can be reimagined as a tool that can empower farmers to create even more innovation and performance by future-proofing the exceptional competitiveness of the EU agrifood sector. An integrated approach will drive better farm income, a reduction of external inputs and improve ecosystem health and European food security by an average of 38%<sup>6</sup>. The transition ought to be catalyzed by keeping both EAGF and EAFRD funds together, while incentivising strategic policy objectives, innovating its design with strategic and integrated performance-based payments.

**Though decisive, the CAP can't do it alone. In order to drive this transition at scale, farmers must have access to simple publicly and privately integrated financial instruments that significantly reduce risk while ensuring regenerating development. The transition must be underpinned by blended tools, backed by harmonised data farm to fork.**

1. **Creation of a harmonised performance-based data infrastructure**, containing results, outcomes and performance indicators through Regenerative Agriculture Key Performance Indicators (RA KPIs).<sup>7</sup> They can be partly remotely sensed, and utilised for public and private as well as on- and off-farm data needs. RA KPIs can be also utilised for MS reporting and EU assessment frameworks.
2. **Coupling of CAP payments<sup>8</sup> to remotely sensed RA KPIs.** Farmer remuneration should be linked to the performance under the RA KPIs, measured remotely and based on both absolute and year-on-year performance. This can massively simplify the current conditionality and controls.
3. **A Transition Framework based on RA KPIs** that integrates investment support, insurance, debt reduction and restructuring mechanisms to incentivise transition underpinned by knowledge transfer and advisory services. This would redefine financial services by incorporating quantitative RA KPIs into credit risk management, business evaluation and market risk strategies.
4. **A blended, performance-based transition insurance scheme backed by the EIB and co-financed by public and private actors<sup>9</sup>.** This scheme would insure farmers against the potential operational risks and yield losses during the first four years of transition. This will protect farmers against the opportunity cost of innovation, not

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<sup>6</sup> EARA unpublished (2025). Farmer-led study on Europe's Regenerating Productivity. See preliminary results presented [here](#).

<sup>7</sup> The specifics of the measurements and methodology of RA KPIs can be found here: [bit.ly/earaKPIs](https://bit.ly/earaKPIs)

<sup>8</sup> Discounts and multipliers should be applied based on farm size, to the benefit of small farms, new entrants and young farmers.

<sup>9</sup> *Sowing change: EU Policy Opportunities to Scale Regenerative Agriculture* by Boston Consulting Group where EARA contributed significantly:

<https://www.wbcsd.org/resources/sowing-change-eu-policy-opportunities-to-scale-regenerative-agriculture/>

just the cost of new technology. This can be stacked with additional financial incentives, including:

- a. Preferential interest rates on new CAPEX loans and restructuring of debt linked to RA KPIs to improve farm liquidity and investment capacity.
- b. Premium contributions from off-takers, local water utilities and regional administrations seeking to secure local regeneration and resilience.
- c. Debt re-valuation of participating farms, to increase the value of downgraded agricultural assets held by European banks and unlocking financial returns that can help fund premium contributions, reducing the risk of an agricultural debt default crisis.
- d. Farmer contributions after year 4 would be proportional to transition success and previous support to ensure long term scheme sustainability and accountability. Farmers delivering strong ecological performance should benefit from lower contributions.

5. **Endorse RA KPIs as secondary standards to ensure policy coherence.** Public sector endorsement of RA KPIs through regulation, strategic alignment and conditionality in subsidies will accelerate coherence and adoption of the standards across supply chains to accelerate systematic transformation to achieve competitiveness goals.
6. **Direct investment into watershed-scale regeneration, earthworks and technology** to drive structural climate mitigation and adaptation. This can be either in the form of specialised technology (virtual fencing) or landscape features such as water retention and erosion control elements such as swales, ponds, cover crops or other ground covers and other solutions. The costs of these direct investments will be significantly smaller than the cost of disaster relief<sup>10</sup>, particularly as these disasters will increase in frequency and scale.

Without a framework to mitigate or reverse climate and geopolitical related losses, costs will be perpetuated rather than addressed and lead to increased insecurity. Direct investments co-financed by public and private actors would cover the short-term costs of the transition, and create resilient food systems<sup>11</sup> to help offset the nearly €200 billion in climate-related losses recorded since 2020<sup>12</sup>.

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<sup>10</sup><https://www.sciencedirect.com/science/article/pii/S2949790625000321>.

<sup>11</sup> <https://rodaleinstitute.org/wp-content/uploads/fst-30-year-report.pdf>

<sup>12</sup> <https://www.eea.europa.eu/en/analysis/indicators/economic-losses-from-climate-related>

