Making flexibility and commonality work for more EU-added value

Three ways to increase environmental spending in the next CAP

POLICY BRIEF

1 **The future Common Agricultural Policy (CAP) is at risk of a substantial reduction in its EU added value and societal legitimacy compared to today.** The Commission's proposal gives Member States more spending flexibility and weak incentives to use funds for the environment, climate and animal welfare – spending with high EU added value. At the same time, it establishes common spending requirements for interventions such as coupled and degressive area-based income support (DABIS) that contribute far less to shared EU objectives.

2 **Three adjustments in the CAP proposals along the spectrum between "flexibility" and "commonality" would increase the CAP's EU added value.** First, removing the minimum spending requirement for DABIS would increase the flexibility to spend more on the environment. Second, lowering national co-financing rates would incentivise environmental spending without reducing flexibility. Third, ringfencing a minimum share of the budget for environmental, climate and animal welfare objectives would strengthen the CAP's common nature.

3 **Adjustments are essential because, under the current proposal, the minimum budget required for DABIS alone would make up over half of the CAP budget in more than a third of Member States.** Together with an increased number of mandatory interventions that also bind funding, this leaves little room for an environmental ringfence of similar size to that of the current CAP. Moreover, maintaining current levels of spending on eco-schemes and agri-environmental and climate measures would require Member States to spend almost double the amount of their current national contribution.

4 **What matters is how flexibility and commonality are applied.** Removing barriers, incentivising spending and reserving a budget for the environment will support common objectives without affecting Member States' flexibility to implement measures in a highly diverse EU. Combined, these three adjustments would improve the next CAP's contribution to EU added value while reducing the burden on national budgets.

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Policy Brief
Making flexibility and commonality work for more EU-added value.
Three ways to increase environmental spending in the next CAP.

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1 Introduction

Enhancing "flexibility" for Member States and defending "commonality" across the European Union (EU) are prominent themes in the ongoing negotiations on the next EU Common Agricultural Policy (CAP). However, despite their prevalence in the debate, it remains unclear how these concepts can be applied to different elements of the CAP.

This brief aims to clarify and apply the concepts of "flexibility" and "commonality" to structure policy choices in the current negotiations. We focus on choices that affect the level of EU spending on environmental, climate and animal welfare objectives. Financial support for farms and other land users that contributes to these objectives is typically considered to provide greater EU added value[1] than many other CAP elements, particularly income support. Scientific advisory boards (ESABCC 2026, WBAE 2018) and international organisations such as the OECD (2023) have therefore argued for increasing the share of CAP expenditure that contributes to these objectives, thereby strengthening the EU added value of the CAP.

The level of expenditure on environmental, climate and animal welfare objectives is not the only factor determining the CAP's contribution to EU added value. This brief, however, focuses exclusively on expenditure and not on, for example, the quality or ambition of the measures adopted, which are also of key importance.

In the context of environmental spending levels, "flexibility" and "commonality" can be viewed as two ends of a spectrum:

- At one end, greater "flexibility" gives Member States more room to tailor CAP expenditure to their socio-economic and environmental conditions and political preferences within a broad set of objectives.
- At the other end, greater "commonality" sets conditions for pursuing specific joint objectives through CAP spending on a similar budgetary scale across the EU.

The Commission's proposals for the post-2027 Multiannual Financial Framework (MFF), including the National and Regional Partnership Plans (NRPPs), of which the CAP will be a part, emphasise the benefits of enhanced general spending flexibility for Member States (COM(2025) 570). In agricultural and rural policy, substantial differences between Member States reinforce the case for flexibility. However, in the absence of common EU-wide guardrails on environmental spending, differences in spending levels can have unwelcome impacts on competitiveness within the EU, while low levels of environmental spending can erode the CAP's EU added value. This could increasingly put the CAP's overall legitimacy into question (Petrick & Pushkarev 2026).

Compared to the current CAP, the Commission's post-2027 proposal has, in many ways, moved the policy towards the flexibility end of the spectrum regarding environmental spending. Most importantly, environmental spending is no longer ringfenced. However, the proposal also contains elements that reduce Member States' flexibility to spend CAP funds on environmental objectives. These elements include an increased

1 In general, and throughout this brief, EU added value refers to instruments and spending that contribute to common objectives and address common or cross-border problems, generating outcomes that would not have been achieved by Member States acting alone. In some cases, ensuring an EU-level playing field through commonality is also part of this definition. As Matthews (2027, p. 76) argues, environmental spending under the CAP can provide clear EU added value because "many environmental benefits extend beyond national borders and would be underprovided if left solely to Member States".

number of mandatory interventions that Member States would have to implement and fund, as well as the new quasi-ringfencing of degressive area-based income support (DABIS) within Member States' CAP budgets (see below). Both bind funds to area-based income support, reducing the CAP's EU added value (WBAE 2018).

The combination of increased flexibility regarding minimum environmental spending, new mandatory requirements for non-environmental spending, and an accompanying change in EU co-financing rates creates the risk of a strong reduction in CAP funds spent on environmental objectives. This would contradict the increasing needs and requirements for Member States to pursue common environmental, climate and animal welfare objectives. Such requirements include Article 4 of the Commission's CAP proposal (2025/0241 (COD)), which states that funding must be allocated to six EU environmental, climate and animal health and welfare priorities. This requirement is reinforced by the EU climate and biodiversity mainstreaming requirements applicable to the CAP as well as the need to implement the Nature Restoration Law and reduce greenhouse gas emissions in line with the EU's 2040 targets.

Without changes, there is a risk that the proposal will reverse the long-term trend towards an increasing share of CAP funds being spent on environmental, climate and animal welfare objectives, eroding the CAP's EU added value.

This brief sets out several elements of the Commission's post-2027 CAP proposal that could be adapted or introduced to increase expenditure on environmental, climate and animal welfare objectives.[2] In some cases, this involves allowing more flexibility in spending than currently proposed; in others, it involves strengthening the common elements of the CAP. For convenience, funding for these objectives is referred to simply as "environmental expenditure".

2 Adjustments to increase environmental spending along the spectrum of flexibility and commonality

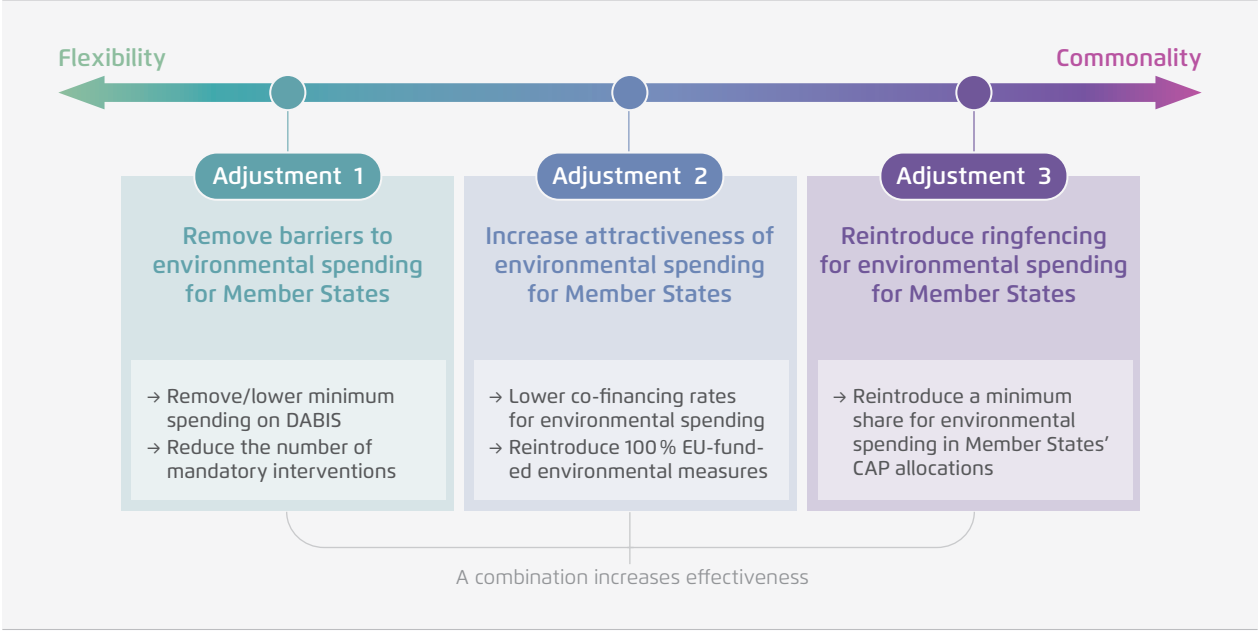
There are several distinct but related elements of the proposed new CAP and NRPP funding architecture that could be altered to increase EU funding flows to environmental objectives in the Member States. Rather than considering each element independently, we bundle them into three adjustments, distinguished by where they sit on the spectrum between "flexibility" and "commonality" regarding their effect on the level of environmental spending (see Figure 1):

1. Remove barriers to environmental spending for Member States (increasing flexibility for more environmental spending).

2 In terms of decision-making, the elements of the MFF/CAP funding architecture discussed here are located in different parts of the Commission's MFF regulatory package (e.g. regulations covering the National and Regional Partnership Fund (2025/0240 (COD)), the CAP regulation and others) and will thus be negotiated in different forums. However, an overview of the combined impact of these decisions and a vision of how they could work together are important. For this reason, and to simplify the discussion, we treat them as an interconnected group rather than elaborating on the individual draft regulations involved.

2. Increase the attractiveness of environmental spending for Member States (increasing incentives for commonality in environmental spending without reducing flexibility).
3. Reintroduce ringfencing for environmental spending for Member States (increasing commonality in environmental spending up to a minimum spending requirement, above which flexibility is maintained).

Adjustments to increase environmental spending in the CAP post-2027 → Fig. 1



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For each adjustment, we:

- present key aspects of the current EU regulations and the proposed new rules for the post-2027 CAP and NRPPs;
- describe possible changes to the proposed new rules to increase environmental funding; and
- discuss each adjustment in a broader context, highlighting challenges and opportunities and assessing how effectively it could increase the level of environmental spending in the CAP.

While each adjustment could increase environmental spending on its own, combining them would be more effective.

A. Adjustment 1: Remove barriers to environmental spending for Member States

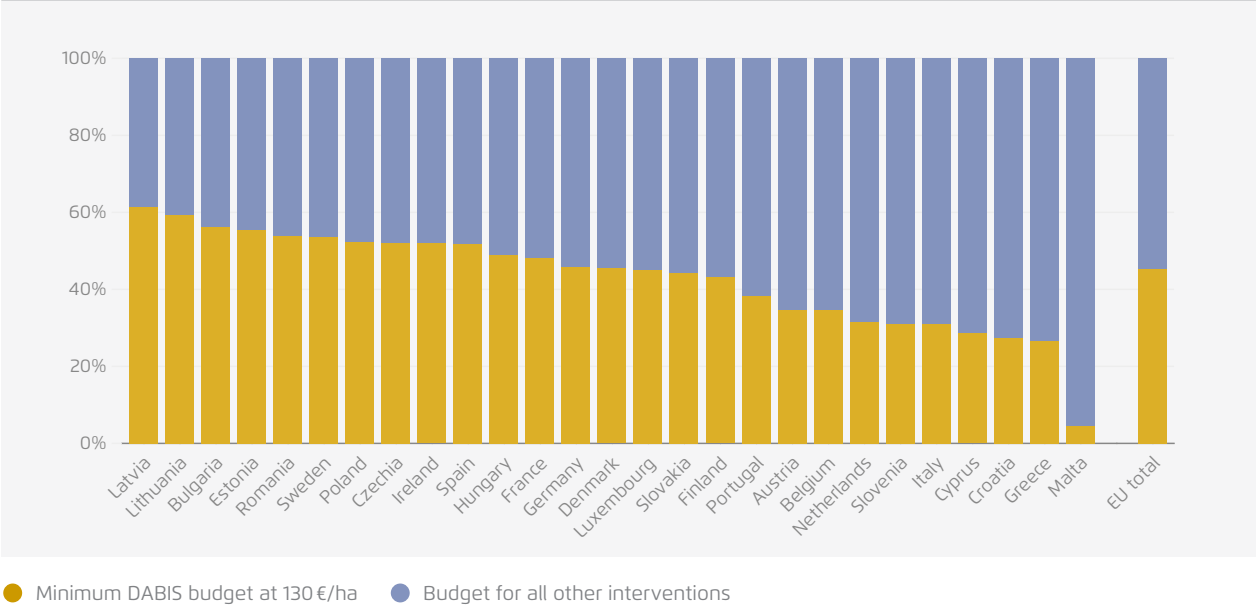
Barriers embedded in the proposed CAP and NRPP regulations can hinder Member States that wish to spend more CAP funds on environmental, climate and animal welfare interventions. These barriers can be removed in a variety of ways. In this section, we describe two examples.

i. Give Member States more flexibility to reduce DABIS spending

Compared to the current CAP, the proposal introduces "quasi-ringfencing" for degressive area-based income support (DABIS), with a minimum payment of 130 euros per hectare and a maximum of 240 euros. The lower bound restricts Member States' options for spending their CAP budget on other policy instruments, including environmental interventions. For about a third of Member States, the minimum budget required for DABIS would take up more than half of their entire ringfenced CAP budget (see Figure 2).

Given the limited contribution of DABIS to EU added value, the minimum payment of 130 euros per hectare could be lowered or removed entirely to make more of the budget available for other interventions.

Minimum DABIS share and budget available for all other interventions within the total ringfenced CAP budget post-2027, by Member State* → Fig. 2



Agora Agriculture et al. based on European Commission (2025): Europe's budget fact sheet – For a resilient, competitive and sustainable EU agriculture; European Commission (2024): Summary report on the implementation of direct payments [except greening] – Claim year 2022. *Assumptions: Minimum Member State CAP allocations as proposed by the European Commission for the budgetary period 2028–2034; the potentially eligible area in 2028 is similar to that in 2022; no capping or degressivity; 2025 prices.

ii. Give Member States more flexibility to choose which interventions from the CAP toolbox they use

The Commission's proposal for the CAP post-2027 would oblige Member States to finance more instruments than under the current CAP, for example coupled income support. Because Member States must allocate funding to all mandatory interventions, this would bind funds from their CAP budgets, leaving less funding available for environmental interventions, effectively squeezing environmental spending.

Reducing the number of mandatory interventions would increase Member States' budgetary flexibility as well as the pool of funds potentially available for environmental measures. Interventions that could be made voluntary under this approach include several that involve substantial expenditure in many Member States, notably degressive area-based income support (DABIS), coupled income support, payments for natural and other area-specific constraints, payments for small farmers, and support for risk management tools. It is also difficult to see the case for making support for cotton production mandatory, since this applies only in a few Member States.

The ability to reduce DABIS spending and having fewer mandatory interventions would give Member States more flexibility to assess and decide how best to spend their CAP budgets according to their needs. This flexibility could enhance the EU added value of the CAP if spending is directed towards environmental interventions, but it could also amplify differences in CAP implementation.

The outcome would depend on the extent to which Member States use this flexibility to increase their spending on environmental interventions. Concerns about competitiveness within the EU may discourage some Member States from directing spending towards environmental measures. They may fear that reducing payments to their farmers through DABIS or coupled income support could make them less competitive if other Member States choose not to redirect these funds (Zwaan et al. 2026). At the same time, the increased scope for environmental spending may strengthen the position of national authorities and other stakeholders making the case for higher environmental spending.

In conclusion, removing barriers to environmental spending for Member States is only an enabling measure and might not automatically lead to a significant increase in environmental expenditure under the CAP in all Member States. It would, however, create more space for other changes within the MFF and CAP funding architecture to contribute to environmental spending, as described in Adjustments 2 and 3 below.

B. Adjustment 2: Increase the attractiveness of environmental spending for Member States

The proposed new regulations involve a change to the EU co-funding arrangements that would increase the level of national contributions required for environmental expenditure compared with the current CAP. This could discourage Member States from using EU funds for environmental interventions, especially when national budgets are constrained.

Under the current proposal, most Member States seeking to maintain their budgets for environmental interventions in the next CAP at current levels would need to substantially increase national funding. For the EU as a whole, Member States would have to spend almost twice their current expenditure for eco-schemes and agri-environmental and climate measures (see Table 1). This increase is due to the proposed higher national co-financing rate of 30 percent for these interventions – particularly compared to the currently 100 percent EU financed eco-schemes. Furthermore, in the next CAP, Member States would no longer have the option to transfer funds from fully EU-funded direct payments (currently under the first pillar and, in the future, under DABIS) to environmental payments. How much national funding would have to change varies significantly between Member States and ranges between –50 percent for Luxembourg and more than 700 percent for Denmark (Table 1). Some countries, such as Luxembourg and Finland, could potentially spend less in the next CAP, as their current national co-funding is already substantially higher than the proposed minimum of 30 percent for the next period. This is mainly due to these Member States funding agri-environmental and climate measures with

national funds above the currently required minimum co-financing rate. However, the vast majority of Member States would have to increase their national spending to maintain current levels, resulting in an EU average increase of almost 80 percent.

National co-financing of spending on eco-schemes and agri-environmental and climate measures (AECMs) (EU Member States, constant total spending, in million euro/2023–2029) → Table 1

Member State	Total EU + national funding*	National funding*	National funding (at min. 30% co-financing rate**)	Change in national funding (at 30% co-financing rate**)
Austria	3 052	1 352 [44%]	916	–436 [–32%]
Belgium	963	205 [21%]	289	84 [+41%]
Bulgaria	1 777	451 [25%]	533	83 [+18%]
Croatia	952	97 [10%]	286	189 [+195%]
Cyprus	105	11 [11%]	31	20 [+180%]
Czechia	2 687	944 [35%]	806	–138 [–15%]
Denmark	948	35 [4%]	284	249 [+711%]
Estonia	429	30 [7%]	129	99 [+329%]
Finland	2 192	1 005 [46%]	658	–347 [–35%]
France	11 128	512 [5%]	3 338	2 827 [+552%]
Germany	9 980	1 157 [12%]	2 994	1 837 [+159%]
Greece	3 011	127 [4%]	903	776 [+612%]
Hungary	2 943	974 [33%]	883	–91 [–9%]
Ireland	3 240	1 051 [32%]	972	–79 [–8%]
Italy	9 171	2 583 [28%]	2 751	168 [+7%]
Latvia	687	37 [5%]	206	169 [+455%]
Lithuania	1 093	54 [5%]	328	274 [+503%]
Luxembourg	170	104 [61%]	51	–52 [–51%]
Malta	32	4 [13%]	10	5 [+126%]
Netherlands	1 419	80 [6%]	426	345 [+430%]
Poland	6 099	588 [10%]	1 830	1 242 [+211%]
Portugal	1 966	381 [19%]	590	209 [+55%]
Romania	4 153	257 [6%]	1 246	989 [+384%]
Slovakia	1 212	235 [19%]	364	128 [+55%]
Slovenia	433	99 [23%]	130	31 [+32%]
Spain	7 634	652 [9%]	2 290	1 638 [+251%]
Sweden	1 482	306 [21%]	445	139 [+46%]
EU total	78 960	13 329 [17%]	23 688 [30%]	10 358 [+78%]

Agora Agriculture et al. based on European Commission (2026): Catalogue of CAP interventions. URL: https://agridata.ec.europa.eu/extensions/DashboardCapPlan/catalogue_interventions.html and NRPP proposal (2025/0240 (COD)). *Includes national co-financing and transfers from direct payments. Does not include additional national expenditure. **European Commission's proposed 30% national co-financing rate for the CAP period 2028–2034.

Using CAP funds for environmental interventions could be made more attractive to Member States by reducing the burden on national budgets when they choose to fund such interventions. This could be achieved in a variety of ways. Here we describe two examples.

i. Lower national co-financing rates for environmental spending

A quarter of direct payment expenditure under the current first pillar of the CAP is earmarked for 100 percent EU-funded eco-schemes – environmental measures involving one-year contracts with farmers. For agri-environmental and climate measures under the CAP's second pillar the current minimum national co-financing rate is 20 percent. Compared to these, the proposed rate of 30 percent co-financing poses a budgetary challenge for most Member States and regions. Additionally, higher national co-financing rates make environmental interventions relatively unattractive compared with 100 percent EU-funded instruments such as DABIS and coupled income support.[3]

The burden on national budgets and the resulting bias towards instruments such as DABIS could be reduced by lowering the national co-financing rates for agri-environmental and climate actions in the Commission proposal (2025/0241 (COD), Art. 10). For example, they could be lowered to the current level of 20 percent, or even to zero percent for a certain share of the budget (see Adjustment 3).

ii. Reintroduce options for 100 percent EU-funded environmental spending

Member States can currently transfer up to 40 percent of their first-pillar direct payment budget to environmental interventions under the second pillar while retaining 100 percent EU funding.[4] As a result of merging the two pillars into a single fund, this mechanism is not foreseen in the proposal for the CAP post-2027.

One way to introduce a similar mechanism into the Commission's proposal would be to allow Member States to use a share of their maximum potential DABIS budget – calculated as 240 euros per hectare on all eligible land – for environmental interventions instead, with 100 percent EU funding. In continuation of the current CAP transfer arrangements, the share of the maximum potential DABIS budget that could be used for other interventions could be set at 40 percent.

For some Member States, the maximum potential DABIS budget resulting from the upper bound of 240 euros per hectare exceeds or comes close to their entire ringfenced CAP budget (see Figure 2). For these Member States, the reduction in national co-financing requirements resulting from this transfer option would be particularly significant.

National and regional budgets are tight, and the Commission's proposed co-financing rates would require substantially more national co-financing (Balmann et al. 2026) to use EU CAP funds for environmental objectives at the level of the current CAP. The modifications described here would make it more "affordable" and attractive

3 This bias towards DABIS and coupled income support could be reduced by introducing co-financing for all CAP interventions (Agora Agriculture 2024, p. 151).

4 Under the current CAP, Member States may transfer up to 25 percent of their CAP budget for direct payments in the first pillar to the second pillar. They can transfer an additional 15 percent if the corresponding increase is spent on interventions contributing to environmental and climate objectives. The transferred funds do not have to be co-financed by Member States (Art. 91 and Art. 103, Regulation (EU) 2021/2115).

for Member States to use a larger portion of their ringfenced CAP budgets for environmental interventions. They could also help avoid EU funds being underused for this purpose due to difficulties in mobilising sufficient national co-financing.

In a way, this adjustment would increase Member States' flexibility compared with the Commission's proposal by reducing differences in the proposed co-financing rates for the future CAP. Namely between environmental interventions on the one hand and classic income support interventions, such as DABIS, on the other. It would also incentivise Member States to allocate more funds for environmental interventions, potentially helping to maintain expenditure on eco-schemes. However, like the previous adjustment, it could lead to substantial differences and therefore less commonality among Member States because it does not oblige Member States to increase environmental spending. Moreover, as with the elements that increase spending flexibility, concerns about competitiveness within the EU could deter Member States from making use of this adjustment. This could limit its effectiveness in increasing environmental spending.

Adjustment 3, by contrast, would effectively reduce differences between Member States in the share of their budgets allocated to environmental objectives, contributing to greater commonality in CAP spending.

C. Adjustment 3: Reintroduce ringfencing for environmental spending for Member States

Ringfencing a certain share of Member States' CAP budgets solely for environmental, climate and animal welfare spending, as under the current CAP, would be the most straightforward way to increase environmental spending levels. Combining this approach with the elements under Adjustment 1 above would create more room for environmental ringfencing.

Three components of potential ringfencing for environmental expenditure in the CAP post-2027 need to be considered: its scope, scale and design.

i. Scope: Which interventions from the CAP toolbox should be within the ringfence?

Under the current CAP, the scope of the ringfence is rather broad. It is defined by a list of interventions that includes support for farming in areas with natural constraints as well as interventions with a clear environmental or animal welfare rationale.

For the CAP post-2027, different variations in scope could be envisaged, ranging from simple to more tailored approaches. As a starting point, there is a strong argument for including only interventions with an explicit environmental, climate or animal welfare objective. This would exclude expenditure for areas with natural constraints.

The simplest version would be to confine the ringfence to interventions under Article 10 of the proposed CAP regulation, as proposed by the European Parliament's ENVI Committee in its July Opinion on the regulation (European Parliament 2026). A slightly more tailored approach would also include environmental and climate support for forestry and the portion of investment aid specifically targeted at environmental

objectives.[5] A more comprehensive approach would be to select a set of relevant "intervention fields", a classification system introduced in Annex 1 of the Commission's proposed Performance regulation (2025/0545 (COD)), as suggested by IEEP (2026) in an earlier briefing.

ii. Scale: What percentage of Member States' overall CAP budget should be ringfenced?

A new ringfencing formula is needed for the proposed CAP post-2027. The current formula allocates 25 percent of first-pillar direct payments to eco-schemes and 35 percent of second-pillar funds to a pre-defined list of environmental and climate interventions. It applies only to the EU-funded portion of overall expenditure. This approach will no longer be applicable under the next CAP, where the two CAP funds would be replaced by the National and Regional Partnership Fund and, within it, a ringfenced CAP budget.

Several proposals for the scale of a post-2027 environmental ringfence have already been made:

- The European Parliament's ENVI Committee, in its July 2026 Opinion on the draft CAP regulation, called for 108 billion euros at current prices for environmental and climate actions under Article 10 of the proposed CAP regulation. This would amount to about 24 percent of the Parliament's proposed ringfenced CAP budget of 433 billion euros – significantly higher than the Commission's proposal of about 300 billion euros.
- A calculation by IEEP found that keeping the ringfenced share constant for the next CAP covering the same interventions as under the current CAP, but excluding support for areas with natural constraints, would equate to approximately 27 percent of expenditure (IEEP 2026).

There are at least two reasons for setting a post-2027 environmental ringfence at a higher level than the current one. First, under the proposed new CAP regulations, Member States would be able to make payments to farmers for meeting standards that currently constitute minimum requirements for access to direct payments (GAECs). Under the current CAP, Member States cannot provide additional compensation through national and CAP expenditure for meeting these minimum standards. For Member States that opt to make payments to maintain the current minimum standards, this could increase environmental expenditure post-2027. Second, Member States face growing environmental obligations, such as the need to implement the Nature Restoration Law and reduce greenhouse gas emissions in line with the EU's 2040 targets.

Taking a longer-term perspective, the scale of environmental ringfencing within the CAP has increased by on average about 177 percent over the last three CAP periods.[6] This reflects a growing emphasis over that period on paying farms for European environmental public goods and services. Increasing the level of the ringfence for the CAP post-2027 would continue this trajectory. A level of ringfencing in line with the trend, would equate to around 49 percent.

5 Member States already identify this portion of expenditure under the current CAP.

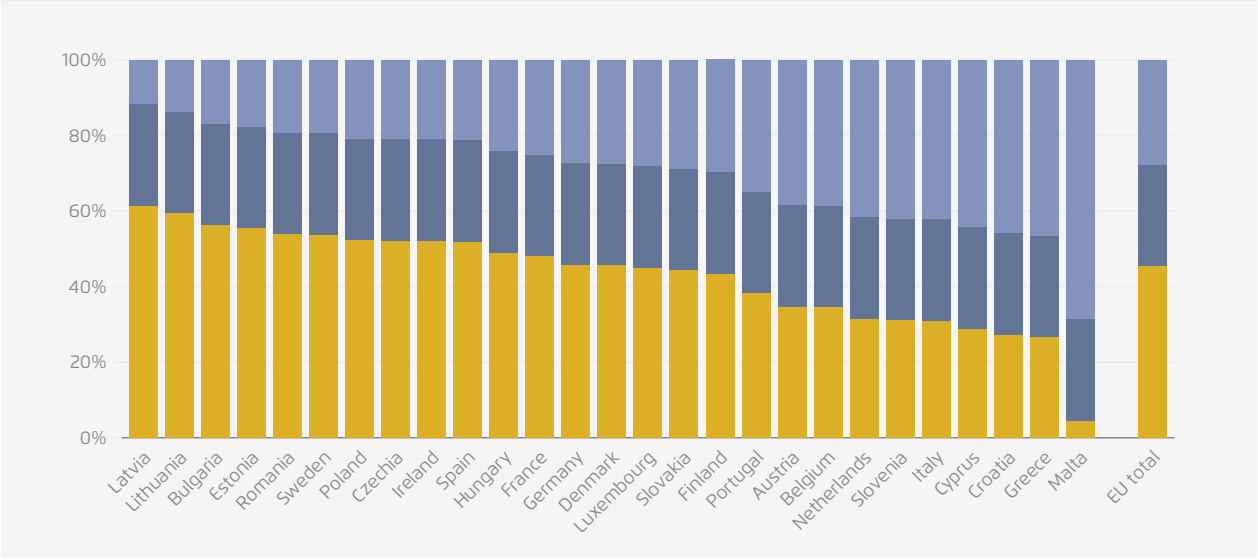
6 The indicative calculation of the trend is based on the level of ringfencing of EU funds for environmental, climate and animal welfare in the CAP over the 2007–2013, 2014–2020 and 2020–2027 budgetary periods. Actual spending has been higher. Pillar two ringfencing includes areas with natural constraints. Changes in how much spending for areas with natural constraints counts towards the ringfencing of the second pillar are not considered. Also not considered is the proposal of the Commission for the post-2027 CAP which allows Member States to compensate farmers for minimum requirements of income support. During the 2014–2020 period "greening" rules were part of the CAP and it could be argued that a portion of direct payment expenditure was environmental. However, most of the greening rules became minimum requirements of income support (GAECs) for the 2020–2027 period. To account for both factors, we have included ten percent of this expenditure in the historical environmental ringfencing trend.

iii. Design: How might the ringfence be embedded in the wider CAP architecture?

Aside from defining the scope and scale of the ringfence, adjustments to other parts of the green architecture could reduce the costs for Member States and make the required environmental spending more attractive. Combining a ringfence with changes to the co-financing rules could play a role here, as outlined under Adjustment 2. For example, within a ringfence covering Article 10 and green investment aid, a portion (e.g. 50 percent) could be subject to a lower or even zero co-financing rate. Member States could also be given the option to divert a portion of their DABIS budget to measures within the environmental ringfence while retaining 100 percent EU funding.

The size of Member States' CAP allocations and the share devoted to DABIS also need to be considered when designing an environmental ringfence. For some Member States, even a moderately sized environmental ringfence would leave little scope to fund other CAP interventions, even if they only apply the minimum DABIS rate of 130 euros per hectare (see Figure 3). Removing or lowering the minimum DABIS payment (see Adjustment 1) would help avoid this constraint.

Effects of a 27 percent environmental ringfence on Member States' CAP post-2027 budget with DABIS set at the minimum of 130 euros per hectare* → Fig. 3



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Compared with the other adjustments, a sizeable environmental ringfence would provide greater certainty about spending outcomes and the CAP's contribution to EU added value. It would also increase the share of CAP spending on interventions that count 100 percent towards the 43 percent target for environmental and climate spending applicable under the NRPPs, making it easier for Member States to meet this target.[7]

7 Member States are required to meet this target under Article 4 of the proposed Performance regulation (2025/0545(COD)). Interventions are pre-allocated score coefficients with clearly environmental ones scoring 100 percent, others only 40 percent or zero.

A drawback in the negotiations is that an environmental ringfence would reduce Member States' flexibility to spend CAP funds on other EU objectives beyond the environment, climate and animal welfare. As noted above, the implications of an appropriately scaled ringfence for the budget remaining for other CAP interventions would vary between Member States, with DABIS expenditure being a key factor. This could be addressed by providing Member States with greater flexibility regarding DABIS and other measures (see Adjustment 1).

While this adjustment would lead to greater commonality in environmental spending, it would not automatically result in similar levels of effectiveness. Experience with eco-schemes under the current CAP shows considerable differences in environmental ambition between Member States, even though they all spend roughly the same share of their budgets on them (Runge et al. 2022). Consequently, robust EU and national governance arrangements are required alongside CAP funding allocations to secure satisfactory environmental outcomes and improvements over time (IEEP 2026). Relevant aspects of EU governance for the CAP include the accompanying monitoring, reporting and evaluation regimes, the selection and use of result and impact indicators and a sufficiently robust oversight role for the Commission.

Given the considerable uncertainty about the form these governance arrangements will take post-2027, elements of CAP design that provide some protection for commonality, such as an environmental ringfencing mechanism, are particularly relevant.

3 Conclusions

The proposed architecture for the CAP post-2027 represents a fundamental shift in the trajectory of the policy. Over recent decades, the share of CAP funding dedicated to the environment, climate and animal welfare has increased, alongside growing requirements in these areas. Regardless of whether this level of funding has been sufficient, these developments have created opportunities for the CAP to increase its EU added value in response to public expectations. The proposed new CAP architecture, however, would weaken the incentives and requirements for Member States to dedicate significant shares of their budgets to environmental spending. This is mainly because it gives Member States greater flexibility and incentives to spend less on these interventions, while introducing common spending requirements for other interventions with far less EU added value.

For the CAP to continue the past trajectory and thereby increase its EU added value, alterations to the Commission's post-2027 proposal are needed. This brief describes several such changes, clustered around three adjustments aimed at increasing environmental spending. As argued above, these adjustments would enable Member States to better address the priorities set out in Article 4 of the proposed CAP regulation. The article requires Member States to contribute to six EU priorities concerning the environment, climate and animal health and welfare.

This brief focuses on the level of environmental spending rather than the quality or ambition of the interventions put in place. Spending is only one dimension of the challenge of increasing the CAP's EU added value, albeit an important one. Funding constraints can limit the value of even the best-designed schemes and send a signal to the farming community about the direction of public policy. However, other measures are required to

ensure high-quality interventions across Member States, for example by addressing capacity and institutional development, governance at different levels, and appropriate EU oversight. Particularly regarding the latter, there is a risk that the degree of oversight exercised by the Commission over Member States' spending plans post-2027 will decrease significantly (IEEP 2026).

In short, putting appropriate EU governance in place and implementing a coherent package of elements from all three adjustments described above would greatly improve the conditions for significant levels of effective environmental spending under the next CAP. The environmental ringfencing under Adjustment 3 would contribute directly to commonality by securing a certain level of EU expenditure with all Member States contributing. The necessary budgetary flexibility at EU and national levels to meet the ringfencing requirement could be achieved by removing barriers to environmental spending and making such spending financially more attractive, as outlined in Adjustments 1 and 2.

Such a package would provide a straightforward way to increase the CAP's EU added value by significantly strengthening commonality in environmental spending across the EU, while maintaining the flexibility required for implementation across a highly diverse EU.

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About Agora Agriculture
Agora Agriculture develops science-based and politically feasible approaches for a sustainable food, agriculture and forestry sector. As part of the Agora Think Tanks, the organisation works independently of economic and partisan interests and aims to contribute to achieving democratically negotiated sustainability goals such as climate neutrality and biodiversity protection.

About IEEP
The Institute for European Environmental Policy (IEEP), founded in 1976, is the only Brussels-based think tank specialised in environmental policy and sustainability. Our multidisciplinary team works with EU institutions, and many other stakeholders generating research, analysis and insights, with three priority areas: Nature and Sustainable Food Systems, Climate and Zero Pollution.

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