

Funding the Transition: Animal-Welfare-Ready CAP 2028–2034

Budget levers and legal amendments the EU co-legislators should adopt now

1. Introduction and Background

In July 2025 the European Commission tabled its package¹²³ for the next Multiannual Financial Framework (MFF) and the Common Agricultural Policy (CAP) for 2028–2034. The package restructures EU spending into a new National and Regional Partnership (NRP) Fund⁴ and replaces the current »two-pillar« CAP architecture⁵ with a single CAP chapter inside nationally programmed NRP plans.

Within the NRP design, a ring-fenced minimum of €295.7 billion is reserved for CAP income-support-type interventions over 2028–2034, while a large pool of »free« resources remains to be allocated by Member States across headings through their NRP plans. In total, the NRP Fund is proposed at €865 billion, of which €235 billion are not pre-allocated to sectoral envelopes. In parallel, the Performance proposal introduces a 43% environment and climate spending target specifically for the NRP Fund; the CAP chapter is exempt from the 14% social target.

For animal welfare, the Commission merges today's eco-schemes and rural-development agri-environment-climate measures into agri-environment and climate actions (AECAs), listing animal health and welfare as one of six mandatory priority areas every Member State must address in its NRP plan. While this recognition is welcome, the package nonetheless removes EU-level minimum budgets for these actions, makes most of them subject to national co-financing, and counts 40% of basic income support towards climate targets — despite no clear uplift in environmental conditionality—thereby weakening incentives to programme ambitious animal welfare schemes.

The policy stakes are high: the Commission has announced modernised EU animal welfare legislation within the same timeframe as the CAP reform. CAP must therefore be structured to finance farmers' transition to the new rules efficiently and predictably, otherwise the policy will under-deliver and unevenly externalise costs to national budgets.

¹ [COM\(2025\)560 – CAP proposal](#)

² [COM\(2025\)565 – National and Regional Partnership Fund \(NRP\) proposal](#)

³ [COM\(2025\)545 – Performance proposal](#)

⁴ NRP Fund: proposed umbrella fund under MFF Heading 1 bringing together pre-allocated national envelopes in a single NRP plan per Member State, with the CAP as one chapter.

⁵ Two-pillar CAP refers to the current CAP financing structure: Pillar I – European Agricultural Guarantee Fund (EAGF) for direct payments/market support (annual, EU-financed) and Pillar II – European Agricultural Fund for Rural Development (EAFRD) for rural development (multiannual, MS co-financed).



Scope and focus of this paper

This paper focuses exclusively on animal-welfare-relevant financing levers within the CAP reform and the Multiannual Financial Framework. It assumes familiarity with core CAP instruments and implementation logic. Lower-priority or indirect topics not central to the financing of animal welfare outcomes are therefore not covered in detail.

2. Key Issues in the Commission Proposal

1) No EU-level minimum budget for AECAs (including animal welfare)

The proposal deletes the current ring-fencing requirements ($\geq 25\%$ of Pillar I for eco-schemes; $\geq 35\%$ of Pillar II for AECM) and offers only a cross-budget climate accounting framework. Experience from the 2023–2027 period indicates that a »delivery model only« approach, combined with generous climate-accounting rules — such as the 40% climate »credit« for Basic Income Support for Sustainability (BISS) — is not sufficient to ensure a sustained shift of funding towards concrete agri-environment-climate and animal-welfare actions on farms.

2) Co-financing design disincentivises AECAs relative to basic support

Under the proposed rules, most AECA interventions require at least 30% national co-financing, while core BISS is exempt. For Member States with tighter fiscal space, this shifts programming towards BISS for sustainability and away from animal welfare schemes. In Germany alone, maintaining today's voluntary environment/animal welfare effort would require additional national co-financing of approximately €0.5 billion/year⁶.

3) Basic income support for sustainability: degressivity/capping and differentiation

The proposal mandates a degressive, capped BISS set on average between €130 and €240 per hectare, with reductions applied at €20.000/€50.000/€75.000 and a cap at €100.000 per farm manager (post-aggregation). It also requires Member States to differentiate BISS by farmer groups and/or territories⁷. However, differentiation based on environmental or animal welfare performance is not explicitly permitted, leaving a major targeting lever unused.

From a budgetary perspective, even with degressivity and capping, BISS could absorb 40–71% of the CAP ring-fenced envelope across plausible rate scenarios; without these cuts it could reach 45–83%. At the same time the effectiveness — and even the basic justification — of area-based direct payments under the EU's Common Agricultural Policy is increasingly questioned in the scientific literature, which shows that they deliver only limited environmental benefits and poorly targeted income support⁸. Savings from degressivity and capping are material (€15–36 billion EU-wide over seven years depending on the average support rate) and should be channeled to performance-based AECAs for animal welfare.

⁶ The estimate of approximately €0.5 billion per year in additional national co-financing for Germany is based on three elements: (1) eco-schemes currently financed entirely from EU funds (\approx €1 billion per year), which would require at least 30% national co-financing in the future (\approx €300 million); (2) funds transferred from the first to the second pillar (\approx €500 million per year), which would likewise be to a minimum 30% national co-financing requirement (\approx €150 million); and (3) agri-environment-climate measures (AECM), including organic farming (\approx €660 million per year), for which the national co-financing rate would rise from 20% to 30%.

⁷ e.g., young farmers, small farms, areas with handicaps e.g., young farmers, small farms, areas with handicaps

⁸ See, for example, Institute for European Environmental Policy (IEEP), [Realigning selected CAP payment schemes towards sustainable agriculture \(2025\)](#), which concludes that "the current generation of CAP payments often fails to deliver strong environmental benefits or income support where it is most needed"; Vincent Chatellier and Hervé Guyomard, "Supporting European farmers' incomes through Common Agricultural Policy direct aids: facts and questions", [Review of Agricultural, Food and Environmental Studies 104 \(2023\)](#); and Scheffler, M.; Wiegmann, K.; Lakner, S.; Sommer, P.; Meyer-Jürshof, M. (2022), [How much climate action is offered in the first pillar of the CAP? An analysis and policy recommendations](#), which finds that first-pillar measures contribute only a minor share of the emissions reductions required in the agricultural sector.



4) Performance framework risks and missing animal welfare indicators

The Performance proposal's 43% NRP environment and climate target and the 40% climate attribution for BISS create a high risk that Member States »meet the number« without scaling up effective measures. Animal welfare is not included a standalone indicator in Annex I, reducing the incentive to invest in animal welfare-relevant actions that do not count towards the target.

Financial implications and scale (key figures)

MFF 2028-2034 (commitments, 2025 prices)

- Total volume: ≈ €1.76 trillion
- Share of EU GNI: ≈ 1.26% (incl. ≈ 0.11% for NGEU repayment)
- Heading 1: hosts NRP Fund and CAP; includes 14% social spending target and NGEU repayment line
- Climate mainstreaming: at least 35% of total EU budget

NRP Fund & CAP ring-fencing

- NRP Fund total: ≈ €865 billion
- Ring-fenced envelope for CAP income-support-type interventions: €295.7 billion
- »Free« NRP resources (not pre-allocated to sectoral envelopes): ≈ €235 billion

BISS & internal CAP rebalancing potential

- Potentially eligible area: ≈ 146 million ha (EU)
- Average BISS range: €130-€240/ha
- Total BISS outlays (2028-2034): ≈ €133-€246 billion
- Savings from BISS degressivity/capping: ≈ €15-€36 billion → potential to reallocate to AECAs/AW

National co-financing pressure - Germany (illustrative)

- Eco-schemes currently 100% EU-funded: ≈ €1 billion/year → at 30% national co-financing: ≈ €300 million/year
- Transfers from pillar I to pillar II, currently without co-financing: ≈ €500 million/year → at 30%: ≈ €150 million/year
- AECM (incl. organic farming): ≈ €660 million/year → national co-financing rate increasing from 20% to 30%
- Combined effect: ≈ €0.5 billion/year additional national co-financing to maintain current voluntary environmental and animal-welfare

3. Recommendations of the Albert Schweitzer Foundation

Because the Commission's proposal package risks entrenching the very problems it seeks to solve — potentially worsening outcomes for climate, biodiversity and animal welfare — a more forward-looking and coherent reform is required. The recommendations below set out how the CAP can be redirected towards a transition that is fair for farmers and delivers tangible benefits for animals, the environment and the climate.

> **Establish an EU-level minimum budget for AECAs (including animal welfare)**

What to adopt in trilogue⁹: Reinstate a binding minimum budget for AECAs at least equivalent to today's combined minimums ($\geq 25\%$ of Pillar I for eco-schemes + $\geq 35\%$ of Pillar II for AECM) and require a year-on-year increase over the period. Anchor this obligation in both Art. 10 of the CAP Regulation and Art. 35 of the NRP Regulation, to protect the envelope during NRP plan drafting. Define a ring-fenced sub-share for animal welfare-relevant AECAs¹⁰ to guarantee programming for animal welfare actions that are frequently under-utilised.

⁹ A trilogue is an informal negotiation between the European Parliament, the Council and the European Commission, aimed at reaching a provisional political agreement on legislative proposals prior to formal adoption under the ordinary legislative procedure.

¹⁰ Member States enjoy considerable flexibility in designing national interventions under the CAP. This flexibility should be used to support a meaningful transformation of the livestock sector towards more sustainable and future-proof production systems,



Budget logic: Absent a minimum, the combination of a high-volume BISS and permissive climate accounting (40% attribution) allows Member States to meet the 43% environment and climate target without substantive AECAs. Binding AECA shares is therefore essential to deliver measurable environmental and animal welfare outcomes while avoiding a race to the bottom.

> **Co-financing must not disincentivise AECAs**

What to adopt in trilogue: Introduce a preferential EU co-financing regime for animal welfare relevant AECA by either: (a) allowing 100% EU financing for a defined set of high-impact AECAs (including animal welfare measures) or (b) establishing a tiered co-financing scale with lower national rates (e.g., 0–10%) for animal welfare AECAs and higher national rates ($\geq 30\%$) for non-targeted BISS. Amend Art. 20(4) of the NRP Regulation accordingly and remove the exemption of BISS from national co-financing. Maintain a fully EU-financed window for transitional animal welfare investments, ensuring that Member States with tighter fiscal capacity can still programme ambition.

Budget logic: In Germany, moving previously 100% EU-funded eco-schemes and Pillar I-II transfers into a 30% co-financing regime, combined with an increase in AECM co-financing from 20%→30%, would add approximately €0.5 billion per year to national budgets merely to maintain current voluntary effort. This constitutes a clear deterrent to ambition and would be even more restrictive in lower-income Member States. Levelling the co-financing playing field is therefore essential to avoid systematic under-programming animal welfare AECAs.

> **Expand BISS differentiation to include environmental and animal welfare performance**

What to adopt in trilogue: Amend Art. 6 (2) of the CAP regulation to explicitly allow differentiation of BISS by environmental and animal welfare performance in addition to differentiation by farmer groups and territories. Make this option available to Member States to incentivise higher on-farm animal welfare standards, in line with the Commission's move towards a more targeted income support. Operationalise differentiation through either (a) a calibrated per-hectare BISS for farms meeting defined animal welfare criteria, or (b) a flat-rate BISS replacement for small farms meeting animal welfare thresholds as permitted under the »Small Farmers« intervention. This would make BISS more performance-oriented without additional administrative layers.

Budget logic: Given BISS's projected share of the CAP ring-fenced envelope (40–71% even after degressivity and capping), enabling performance-based differentiation ensures that a very large funding envelope actively supports EU-level animal welfare goals rather than functioning as largely untargeted income transfers.

> **Reinvest all BISS savings from degressivity and capping into animal welfare AECAs**

What to adopt in trilogue: Introduce a »recycling rule« requiring Member States to earmark 100% of savings generated through BISS degressivity and capping for AECAs, with priority given to animal welfare relevant actions. Embed this obligation in NRP plans and the Performance framework. Prohibit offsetting these reinvestments through reductions in other AECA allocations and require transparent annual reporting of (i) savings generated and (ii) corresponding allocations to AECAs.

Budget logic: Across plausible BISS rates scenarios, degressivity and capping could free €15–36 billion EU-wide over 2028–2034. Ring-fencing these savings for animal welfare AECAs transforms a mechanical equity adjustment into a results-oriented investment stream.

> **Complementary governance and performance adjustments**

- **Include animal welfare in the environment/climate spending taxonomy and indicators:** Amend Annex I of the Performance proposal so that animal welfare-relevant actions count towards the 43% NRP environment and climate target and are supported by robust output and result

including providing animals with more space, greater access to outdoor areas and housing conditions that better reflect species-specific needs, while avoiding incentives that encourage higher production volumes or more intensive systems.



indicators. This closed the current gap where animal welfare neither contributes to target nor benefits climate mainstreaming.

- **Safeguards for the credibility of the 43%:** Limit the share of the 43% target that can be met through notional accounting (e.g., the 40% attribution for BISS) and require that at least half of the target be delivered through instruments with verifiable environmental or animal welfare outcomes, notably animal welfare AECAs.
- **Clarity on legal anchoring and programming:** Given the high degree of decentralization under the NRP Fund, anchor the AECA minimum budget, animal welfare eligibility for the 43% target, preferential co-financing rules and the BISS-savings recycling rule in primary CAP and NRP legislation — not merely in guidance — to safeguard ambition throughout plan-approval and amendment cycles.

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