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From: To:	General Secretariat of the Council Delegations
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Subject:	Working Party on Horizontal Agricultural Questions (Post-2027 CAP) on 8-9 January 2026 - Commission presentations

Delegations will find attached the presentations from the Commission, which were presented at the Working Party on Horizontal Agricultural Questions (Post-2027 CAP) on 8-9 January 2026.

Risk and crisis management post-2027

Working party on Horizontal Agricultural Questions

9/01/2026

Current and future risks scenario

Present

- Drought, excess rainfall, frost and hail cause ~**6%** of EU agricultural production (crops + livestock) to be lost **each year**
- This corresponds to **€28.3 bn/year** in average economic losses
- Of these losses, only **20-30%** are insured

Source: Fi-compass & EIB (2025). Insurance and Risk Management Tools for Agriculture in the EU

Future (by 2050)

- Annual average economic losses projected to raise to **€40 bn/year** mainly due to drought intensification
- **Catastrophic years**: potential economic losses **>€90 bn**

Source: Fi-compass & EIB (2025). Insurance and Risk Management Tools for Agriculture in the EU

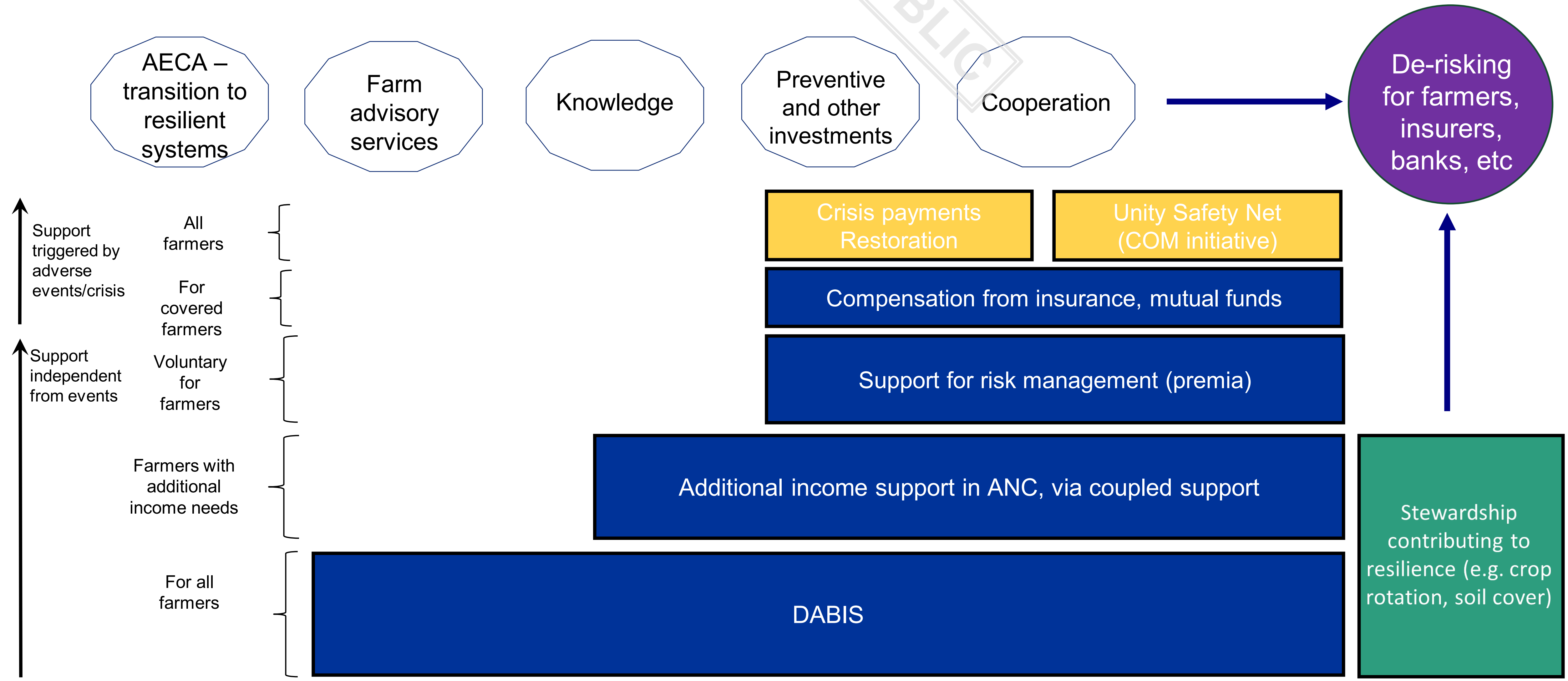
Need to **strengthen farm resilience** through prevention and effective risk management strategies

First step: CAP 2025 simplification

- **Risk management (RM) tools** (Art. 76 Reg. (EU) 2021/2115)
  - **Alternative loss calculations** allowed for:
    - **Young and new farmers:** use of alternative reference values
    - **Sectoral tools**: holding level / activity in the sector's concerned / specific area insured
    - **Where standard methods not appropriate**, Olympic average may be extended to up to 8 years

- **Complementary crisis payments** (Art. 78a)
  - **Ex-post** support for farmers affected by natural disasters
  - Not a substitute for RM tools
    - **Higher support rate** for farmers covered by a RM tool

Next steps post 2027: improving farm resilience



Next steps post 2027: better synergies

- Need to **strengthen** the link between **risk and crisis management**
- ***Art. 22(2)(h)(ii)* NRP**: MS to describe how the combinations of support in their Plans will contribute to farm-level resilience and risk management:
  - **Choice and complementarity of instruments**: possibilities of *ex-ante* (prevention and preparedness) and *ex-post* (response and recovery) instruments within the NRP Plan
  - **Comprehensive analysis**, based on available evidence, and description of the actions planned

Next steps post-2027: support to farmers

Ex-ante

- **Income support** as a general safety net
- Investments in **adaptation and transformation** towards more sustainable production
- **Risk prevention and management:**
  - **Preventive investments** to reduce exposure and vulnerability (e.g., fencing)
  - **Risk management tools** (e.g., insurance, mutual funds) to cope with climatic, biological (incl. pests and animal diseases) and market risks

Ex-post

- **Emergency support** in response to **crisis situations** (MS initiative in their NRPPs) following natural disasters, adverse climatic and catastrophic events such as plant or animal diseases and pests:
  - **Crisis payments to farmers**
  - **Investments in restoration of agricultural production potential**
- **Emergency support** in response to **market crisis** (Commission initiative):
  - EU-level response via the **Unity Safety Net** (future agricultural reserve)

Risk management tools – Art. 12 CAP Reg.

- Support for RM tools will become **mandatory**
  - Unless MS demonstrate existence of national systems
- MS will continue to have **flexibility in designing innovative interventions** beyond insurance and mutual funds
- **Calculation of losses**:
  - Minimum 20% loss of the average annual production or income of the farmer
  - Method for loss calculation and triggering factors to be established by MS in their NRP Plans
  - Different calculation methods as already set up with CAP simplification package

Ex-post instruments for natural disasters, adverse climatic events and other catastrophic events

Amending NRP Plans in case of crisis (Article 34 NRPP)

Crisis occurs

Crisis payments to farmers

Investments in the restoration of agricultural potential

Stage 1

Amendment of the Plan for an amount up to 1% of its Union financial allocation

Stage 2

Amendment of the Plan from their **unprogrammed flexibility amount (25%)** up to **2,5%** of its Union financial allocation

Investments in restoration – Art. 13 CAP Reg.

- Support available to farmers and forest holders under **Art. 13** for **restoring production potential** damaged by natural disasters, adverse climatic and catastrophic events (including animal and plant diseases or pests)
- **Objective**: economic mitigation by enabling infected or affected farms to resume production
  - Restoration of physical assets to pre-event production capacity
  - Ongoing possibility to restore livestock following culling due to animal disease
- **Eligibility thresholds:**
  - **Agriculture**: at least **30%** of production potential **destroyed**, officially **recognized** by national authorities
  - **Forestry**: at least **20%** of production potential **destroyed**, officially **recognized** by national authorities

Crisis payments – Art. 38 NRP Reg.

- Compensation for losses from natural disasters, adverse climatic and catastrophic events (including animal and plant diseases or pests)

- **Eligibility and targeting**:
  - Affected areas formally recognised by competent authority
  - > 30% production loss (3-year average or Olympic average)
  - Loss assessed at farm, activity or area level (MS choice)

- **Design**:
  - Support rate set by MS
  - Higher rates for farmers taking preventive actions

EU Facility: Instrument for market disturbances

EU Facility (Art 26 of NRPP)

Established at EU level = additional flexibility for new priorities and unforeseen crises = **EUR 71.9 billion**

Unity Safety Net

EUR 6.3 billion

market stabilization tool

HOME actions

EUR 25.3 billion

migration, borders

EU Solidarity Actions

EUR 20.1 billion

major national or regional natural disasters

Other Union Actions

EUR 11.5 billion

transnational & innovative projects, high EU added value

Budget cushion EUR 8.7 billion

unplannable events (used as last resort)

EU Facility – Unity Safety Net (I)

Objectives:

- **Exclusively to stabilise agricultural markets** in times of market disturbance (not direct income support)
- To address periods and threats of market imbalance, which **impact the prices of agricultural products and the costs of inputs in the whole or part of the internal market**

Budget:

- **EUR 6.3 billion** earmarked for agriculture under EU Facility over the next MFF (**EUR 900 million/year** (double the current amount of the agricultural reserve)
- Amount agreed annually in the budget procedure
- Unused funds are automatically carried over

EU Facility – Unity Safety Net (II)

Measures supported:

- Market measures under Articles 8-21 of the CMO Regulation (public intervention and private storage aid)
- Exceptional market measures under Articles 219-222 of the CMO
    - General market disturbance or threat of (Art 219)
    - Animal and plant health related market disturbance (Art 220)
    - Specific problems related to market disturbance (Art 221)
    - Agreements in times of market disturbance (Art 222)

Payments from the Commission to Member States:

- Based on outputs declared by Member States

Thank you for your attention!

Common Agricultural Policy (CAP) Simplification Omnibus

WP HAQ
Meeting of 9 January 2026

Agenda

- Green architecture
- Crisis and risk management
- Competitiveness
- Administration/miscellaneous

Green architecture

Permanent grasslands

- Articles concerned: Art 4(3), 70(11) and Annex III of the Strategic Plan Regulation (EU) 2021/2115 (SPR), Art.69(7) of the Horizontal Regulation (EU) 2021/2116 (HZR)

- Definition:

  - Possibility to extend the timing used for the definition of permanent grassland from five to **seven years or more**

  - New option to decide that land classified as arable land on 1 January 2026 remains classified as arable land

  - For MS choosing this option:

    - provision ensuring that such decision does not affect ongoing multiannual commitments

    - Obligation to make it possible for the beneficiaries to opt out of the decision in the claim year in which that decision is implemented.

    - Obligation to ensure that beneficiaries who have already submitted the application have a possibility to amend or withdraw, totally or partially, their application. If Member States fail to ensure that beneficiaries have that possibility, they should not impose any penalty on the beneficiaries as a result of that decision.

- GAEC 1: Maximum decrease of 10 % compared to the reference year

Organic farmers deemed compliant with GAEC 1, 3, 4, 5, 6 and 7

- Articles concerned: Art 13 SPR
- Organic farmers are deemed to comply with GAEC standards 1, 3, 4, 5, 6 and 7 in relation to their organic production units and in-conversion production units.
- Possibility for Member States to restrict deemed compliance to farmers whose whole holding is used for organic production/ is in conversion

Consistency of GAEC standards with mandatory national requirements and temporary derogations

- Article concerned: Art 13 SPR
- In setting their standards, Member States may, where relevant, set the elements referred to in Article 109(2), point (a)(i), of SPR so that they are consistent with mandatory requirements established by national law and do not go beyond them, provided that these existing national mandatory requirements comply with the GAEC standards listed in Annex III
- Temporary derogations extended to plant diseases or pest infestations

GAEC 4 (buffer strips) – clarification of legislation

- Articles concerned: Annex III SPR

- Text to footnote added : “Member States may use for the purposes of this GAEC standard the definition of water courses laid down in national legislation, provided that that definition is in line with the main objective of this GAEC standard”

GAEC 7 – exemption of controls and penalties for farm not exceeding 30 hectares

- Articles concerned: Article 83 and 84 of HZR
- Obligation to exempt from controls of GAEC standard 7 requirements farmers with a maximum size of holding not exceeding 30 hectares of agricultural area
- Obligation to exempt from penalties of GAEC standard 7 requirements farmers with a maximum size of holding not exceeding 30 hectares of agricultural area

Eligibility of national requirements beyond EU law

- Articles concerned: Arts 31 and 70 SPR
- Allows MS to compensate, under eco-schemes or agri-environment-climate commitments, the costs borne by farmers stemming from national legislation, if this national legislation goes beyond the minimum requirements set in EU law
- Lifts the 24 months limitation existing in the current version of SPR
- Lifts the restriction of compensation only in case of new national law

Extension to 36 months for investments necessary to comply with new EU law

- Articles concerned: Art. 73 SPR
- Extends the 24 months limitation existing in the SPR to 36 months

Possibility to compensate for GAEC 2 and 9 requirements

- Articles concerned: Arts 31, 70 and 72 SPR
- Leaves GAEC 2 and 9 unchanged, but adds possibility to compensate related costs incurred and income forgone
- Provides the possibility to exclude GAEC 2 and 9 from the baseline beyond which payments have to be calculated for eco-schemes and agri-environment and climate commitments
- Provides the possibility to exclude GAEC 2 from the baseline beyond which payments have to be calculated for Natura 2000 and WFD payments resulting from mandatory requirements

Payment per animal and per beehive

- Articles concerned: Arts 31 and 70 SPR
- Allows payment per animal and beehives for both eco-schemes and for Agricultural Environmental Climate Commitments (AECC)

Crisis and risk management

Contribution to Risk Management tools

- Article concerned: Art. 19 SPR
- Allows use of up to 3% of direct payments as farmers' contribution to risk management tools
- 2 options provided:
  - To apply it for all direct payment beneficiaries or
  - To apply it to the farmers for whom a risk management tool exists in a given year if this corresponds better to the risk management tool in place
- The provision remains optional.

Risk Management tools

- Articles concerned: Art. 76 SPR
- Makes calculation of losses more flexible and better adapted to specific needs of different types of land and categories of farmers.
- MS may adapt the methodology for calculation of losses:
    - (for certain cases) in case calculation method not appropriate (recital mentions permanent crops as example): average annual production or income of the farmer during max 8 years
    - for young and new farmers: alternative assessment
    - for sectoral risk management tools: calculation on specific areas insured

Crisis payments to farmers following natural disasters, adverse climatic events or catastrophic events

- Articles concerned: Art. 10, 69(i), 78a, 96a, 111, Annexes I, II, XV SPR
- Compensation for farmers affected by natural disasters, adverse climatic events or catastrophic events, while ensuring coherence with risk management tools
- New type of intervention in rural development: crisis payment.
- Targeting: recognition by MS of adverse event + at least 30 % loss of the average annual production of the farmer
- Coherence with risk management: higher rates for farmers who are covered by an insurance scheme or another risk management tool
- Maximum financial allocation for each MS set (new Annex XV)
- Specific provisions on eligibility of expenditure, WTO (green box), exemption from setting unit amounts and using result indicators

Competitiveness

Payment for small farmers

- Articles concerned: Arts 12 and 28 SPR
- Increase from 1250 to 3000 euro: amount allowing simplification gains without too big differences among MS
- Possibility to pay lump-sum or lump-sum per ha remains
- Possibility to benefit from eco-schemes opened to small farmers: see recital (17)!
- Exemption from conditionality for all participants in this scheme set in Article 12

Sectoral interventions in the fruit and vegetables sector

- Articles concerned: Articles 49 and 52(2), second subparagraph, of SPR
- Extends the objectives that cover the products in processed form to those listed in Article 46, points (d – research/development sustainable production methods), (e – promotion/development of e.g. animal health standards), (f – climate change mitigation/adaptation)
- Clarification that planning and implementing types of interventions corresponding to any of the objectives referred to in the provision could be pursued in order to benefit from the 0,5-percentage point increase
- With the previous wording of the provision in subject, with the view to benefiting from the 0.5-percentage point increase, one could understand that all the mentioned objectives had to be pursued. This clarification also allow producer organisations to spend more on types of interventions linked to mentioned objectives.

Business development support for small farms

- Articles concerned: Arts. 69, 75, 79(1) and Annex I of SPR
- Extends article on “setting-up of young farmers and new farmers and rural business start-up” to cover an additional point: “business development of small farms”
- Member States decide which farms qualify as “small” (as for support for investments)
- Payment support in the form of lump sums or financial instruments or a combination – up to EUR 75 000
- Conditional on submission of business plan
- Small farms may still access investment support under Art. 73 SPR if they wish

Setting up of producer groups, producer organisations and interbranch organisations

- Article concerned: Art 77(8) SPR
- More flexibility for supporting setting up by changing the rule on maximum support per year: maximum EUR 100 000 per year is replaced by maximum of EUR 500 000 over the programming period ending on 31 December 2027
- Other related provisions (limitation to 10 % of the annual marketed production of the group or organisation, degressive support limited to the first five years following recognition) unchanged.
- Applicable both for PG/PO/IBO already set up or to be set up in the remaining duration of the programming period.

Financial instruments (FIs)

- Articles covered: Articles 80 and 81 SPR; Article 57 HZR
- Increase of the ceiling of the gross grant equivalent for working capital to 300 000 EUR for activities falling under Article 42 TFEU, and change of the reference period from 'fiscal years' to 'years'
- VAT eligibility explicitly included
- Alignment with the audit trail for FIs under the Common Provisions Regulation (Annex XIII, point II of Regulation (EU) 2021/1060, CPR)
- Alignment with CPR in the context of irregularities and financial corrections, when bodies implementing FIs demonstrate the fulfilment of a cumulative set of actions (Article 103(6) of Regulation (EU) 2021/1060)
- Use of transferred EAFRD resources to InvestEU not only for budget guarantees, but also for FIs, as well as introduction of several other implementation clariifcations and changes.

Simplified cost options for rural development support

- Articles covered: Art. 83 SPR
- Explicitly allows certain methods for calculating support which are already permitted under the common rules for certain other EU funds – i.e. in the "Common Provisions Regulation" (Regulation (EU) 2021/1060)
- The new provision is (most) relevant to rural development support for investments, risk management, co-operation, and knowledge exchange / dissemination of information

Administration/miscellaneous

Discontinuation of the Annual Performance Clearance (APC)

- Articles concerned:
  - SPR: Arts 48, 134 and Annex I
  - HZR: Article 54, with effect on multiple Articles referring to the APC (Art. 9(3), 10(1), 12(2), 21(1), 32, 40, 45(1), 53(1), 67(1),102, 103)
- Discontinuation of the mechanism of Annual Performance Clearance (deletion of Art 54 of HZR)
  - No more justifications in the APR for the excess of realized unit amounts from planned unit amounts;
  - Expenditure effected by PAs is still to be matched by a corresponding output (eligibility of expenditure Art. 37 of HZR)
  - Sound financial management is safeguarded via COM's review of CB's work (annual opinions and reports), follow up on the findings, and performing its own conformity audits (Art 55 of HZR)
  - The CAP performance model is preserved (i.e. the respect of eligibility conditions for expenditure in Art 37(1), point (b) of HZR) and MS performance will be monitored through the Biennial Performance Review (BPR).
- Overall result: reduction of administrative burden for national administrations with positive knock-on effect for farmers (savings on IT / admin cost, time spend on APC exercise can be devoted to other activities i.e. assistance to farmers)

Quality assessment LPIS, GSA, AMS*

- Articles concerned: Article 70a, 74 and 75 of HRZ
- Merges the 3 quality assessments on the LPIS, GSA and AMS that are already intrinsically linked
- Following the experience gained, provides Member States legal certainty for implementation of the LPIS, GSA and AMS quality assessments.

*Acronyms : the Identification System for agricultural parcels (LPIS), the Geo-Spatial Application (GSA) and the Area Monitoring System (AMS)

Amendments of CAP Strategic Plans and Monitoring Committee

- Articles concerned: 86, 119, 122, 124(4) SPR; Art. 21(2) HZR.
- Approval by the Commission is only required for strategic amendments of CAP Strategic Plans.
- Non-strategic (other) amendments should be only notified to the Commission.
- For strategic amendment related to the EAGF: Member State has to set a date of effect. Such date cannot be earlier than a date of submission of the request for strategic amendment. Expenditure that becomes eligible as a result of an amendment of a CAP Strategic Plan is eligible for a contribution from the EAGF from a date of effect set by the Member State (not earlier than date of submission of request for strategic amendment/notification).
- Member States can include expenditure eligible as of submission of the request of a strategic amendment in their monthly declarations only after the Commission approves request for strategic amendment. Member States should take into account time limits for the approval procedure to ensure that such eligible expenditure can be declared in the same financial year when it was incurred.
- The proposal of a date of effect for EAGF-related strategic amendments is added to the list of items which require an opinion from the monitoring committee to ensure that the date of effect is set so as to enable farmers and other beneficiaries to have sufficient time to take the amendment of the CAP Strategic Plan into account.

Annual Performance Report (APR)

- Articles concerned: Article 134 SPR
- Biannual Performance Review (BPR) fully connected to APR
- Justifications for shortfalls from milestones and targets in the remit of the BPR should be provided within the APR and also in line with Article 134(7)
- Extending the timeline for assessing the APR allows more time to carry out a thorough assessment of the data provided as the admissibility phase and assessment do not need to be carried out in parallel

Single control and control flexibility

Single control approach :

- Article concerned: Article 60 (1) of R. 2021/2116
- To the extent possible, not selecting a beneficiary that has already been selected for an on-the-spot check for that year
- Concerns aid applications, payment claims and conditionality

Control flexibility :

- Article covered : Article 72 of R. 2021/2116
- Avoid redundant checks on interventions' eligibility conditions that are already monitored by the Area Monitoring system (AMS)
- In this case AMS replaces OTSC and the control effort can focus on non-monitored eligibility conditions.

Greater flexibility for control of conditionality

- Articles covered: Art. 83 and 84 HZR
- The requirement for a yearly review of the control system is removed
- The factors to be considered in the risk analysis for the control sample are left to the discretion of Member States
- Extension of existing exemption from conditionality controls and penalties to small beneficiaries other than farmers and reformulation of the exemption on the basis of the area eligible for the payments and the support relevant for conditionality (10 ha), instead of agricultural area declared.

Advances for CAP payments increased

- Article concerned: Article 44(2) HZR
- Allows to pay advances of up to 70% (instead of 50%) for interventions in the form of direct payments and for the SAI and POSEI measures, to be paid after 16 October and not later than 1 December;
- Allows to pay advances of up to 85% (instead of 75%) for the support granted under area and animal-based interventions for rural development referred to in Article 65(2) of Regulation 2021/2115, to be paid prior to 1 December;
- With this simplification, Member States do not need to request a specific derogation to the Commission to reach above rates – derogation in case of emergency however still available.

ANC payment commitments under Regulation 1305/2013

- Articles covered: Art. 155 (3) SPR
- Extends possibility of carry-over to ANC payments
- Allows MS to fund via CAP Plans commitments to farmers that stem from applications under Regulation 1305/2013

Flexibility between EAFRD allocations and EAGF allocations

- Articles covered: Art. 103(6) and 119 SPR
- Can be used in outermost regions only
- Possibility for Member States to transfer up to 25 % of the EAFRD amount planned in their CAP Strategic Plans for their outermost regions to POSEI Programmes
- Such transfers can only be done for financial year 2027

Thank you