



# Addressing the economic challenges faced by farm businesses

Compendium of practices

Thematic Group on Economic Vulnerability of Farming

July 2025



Funded by  
the European Union

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## Disclaimer

*This document has been developed as part of the work carried out by the CAP Implementation Contact Point under the EU CAP Network to support the activities of the Thematic Group (TG) on [Economic Vulnerability of Farming](#). The information and views set out in this document do not necessarily reflect the official opinion of the European Commission.*



# 1. Introduction

This compendium presents a selection of the various ways that the economic challenges faced by farm businesses can be addressed. The members of the Thematic Group (TG) provided a range of examples that illustrate the need for all relevant actors to help find solutions to the economic vulnerability of farming across the EU.

This compendium illustrates how national authorities may enact legislation to reduce the economic burden on farm businesses and provide financial support to farmers to ease production costs. It also demonstrates how insurance providers can help reduce income volatility and mitigate risks caused by extreme weather events, as well as the key role that farming organisations can play in improving producers' access to credit. Above all, the examples illustrate the opportunities for individual farm businesses through investment in cooperation, alongside ways to adapt their production methods to enhance resilience in a rapidly changing environment.

The overall aim of the TG was to better understand the economic vulnerability of farming; identify the different drivers of vulnerability and ways forward. The meetings provided TG members with

opportunities to share experiences and examples on how farm-based businesses are capitalising on the possibilities for overcoming the challenges associated with farming's vulnerability. TG members discussed the effectiveness of CAP interventions/frameworks in addressing economic vulnerabilities. They also identified barriers and opportunities to address economic vulnerabilities and considered how different approaches can be implemented and enhanced.

The TG comprised 40 members representing Managing Authorities (MAs), Paying Agencies (PAs), researchers, farmers and farming organisations, insurance and mutual funds managers, local/regional authorities, LAGs, European and national/regional stakeholder organisations, and farm advisers.

The TG also produced a '[Members report](#)' which presents various ideas and proposals centred on preparedness and preventative actions, insurance and mutual funds, cooperation and the supporting environment.





## 2. Examples

### 2.1 Agricultural insurance system in Austria

**Description:** Since 1947, a highly trusted, premium-subsidised insurance system has been in place in Austria, based on a well-developed private-public partnership model. Through continuous development in collaboration with a wide range of stakeholders, this system protects many farmers from vulnerability and ensures food security by increasing the resilience of agricultural businesses to climate risks. The Austrian insurance system is concerned with preserving the incomes of many forms of agricultural production, while maintaining family-run farms.

**Main activities:** The insurance system attracts a premium public subsidy of 55%, split evenly between the federal and state levels, with no ad-hoc payments for subsidised risks. The amount of public sector funding, eligible risks and eligible production sectors is set out by a statute ([Hagelversicherungsförderungsgesetz](#)). In addition, a reduced insurance tax is also regulated by tax law.

The system is operated by Austrian Hail Insurance, a mutual insurance association that does not pay dividends to shareholders. Farmers play a key role, informing decision-making through an assembly of delegates. Success depends on a reliable and ongoing exchange of area and livestock data for contract preparation and loss adjustment. The insurance products available are constantly reviewed, updated and adapted to meet any current or new challenges with significant input from the farming community across all agricultural sectors.

Loss adjustment is undertaken by agricultural experts, who carry out an accurate and rapid loss assessment (within 1.8 days) using the latest technology. Low costs are maintained through efficient and robust data exchange with authorities, using state-of-the-art technologies (e.g. central IT systems, satellite data, drones, etc.). Risk diversification and transfer are key to making all risks insurable, especially accumulation risks.

**Results:** This system has been helpful in ensuring that agricultural production (around 85% insurance penetration in arable farming) in Austria has continuous insurance coverage, offering high levels of protection for agriculture against climate risks. Farm businesses enjoy a cost-efficient system that quickly pays compensation for losses, resulting in a high level of satisfaction among farmers.

**Funding:** The farmer pays 45% of the premium himself. The remaining 55% is paid by the public sector (27.5% by the state and 27.5% by the respective federal state). In total, the public sector supports farmers with around EUR 120 million annually.

**Further information:** [Wir sichern wovon Sie leben | Österreichische Hagelversicherung](#)

**Contact:** n/a



## 2.2 Austrian Fairness Office - Liaison office for complaints about unfair trading practices in sales along the food chain

**Description:** The Austrian Fairness Office (AFO) was established (by the EU Unfair Trading Practices (UTP) Directive transposition into Austrian law) to address the significant power imbalance between farmers and large buyers in the food supply chain. As an independent institution, the AFO supports farmers and food producers facing unfair trading practices from powerful buyers, such as large retail chains that dominate the Austrian food market. With around 90% of the market controlled by just three retailers, farmers often experience income volatility, tough price negotiations and unilateral contract changes, which threaten their economic stability and access to markets.

**Main activities:** The AFO provides a confidential and accessible platform where farmers and producers can report unfair treatment without fear of retaliation. The AFO offers confidential, free, and, if desired, anonymous assistance. It receives and assesses complaints before providing legal advice. While most cases are resolved, some may be forwarded to the relevant competition authorities or others for further action. By empowering farmers and producers to defend their rights without fear of retaliation, the AFO helps balance the power dynamics in the food supply chain and promotes a fairer and more transparent trading environment.

Additionally, the AFO documents cases and raises awareness about unfair practices, contributing to the development of national and EU policies aimed at protecting agricultural producers. This institutional support addresses key economic challenges in farming, such as income volatility and limited market access, by ensuring that producers are treated fairly and have the means to secure stable livelihoods.

**Results:** The AFO has achieved significant results since its establishment in 2022, addressing systemic imbalances in the agri-food sector. In 2024, it recorded 839 cases (239 direct complaints and over 600 indirectly affected producers), alongside 225 general inquiries impacting over 10 000 individuals. Mediation resolved issues for seven direct cases and 1 050+ indirect beneficiaries, primarily in sectors like meat, dairy and produce.

Key achievements to date include mitigating income volatility by challenging unfair practices, such as unilateral contract changes, payment delays and forced third-party services. Other legal actions taken by the federal competition authority against major retailers have led to the imposition of groundbreaking fines. The AFO's interventions also reduced retaliation risks, enabling farmers to renegotiate contracts and secure fairer prices. Thanks to the AFO's work, official institutions, as well as the Austrian chamber of agriculture, now actively seek dialogue with the retail chains to develop solutions together and strengthen farmers' position in the value chain.

**Funding:** n/a

**Further information:** [www.fairness-buero.gv.at](http://www.fairness-buero.gv.at)

**Contact:** [office@fairness-buero.gv.at](mailto:office@fairness-buero.gv.at)

## Fairness-Büro

Für faire Geschäftspraktiken  
in der Lebensmittelkette





## 2.3 ARM-SaaS project

**Description:** Farmers are exposed to increasing risks that threaten their livelihoods and businesses. Smallholder farmers are threatened by several risks, including climate change, and lack the resources (e.g. tools, knowledge and finance) to manage these risks. Agriculture Risk Metrics (ARM) is a cost-effective cloud-based Software-as-a-Service (SaaS) risk management tool jointly developed by agricultural scientists and insurance experts. It provides a holistic, scalable and continuously improving platform that enables farmers to support decision-making and transform their farms into data-driven businesses. This involves planning and ultimately implementing an appropriate risk management strategy to adapt to the increasing risks of climate change, which improves farmers' resilience to high-impact natural hazards. The use of ARM is also intended to aid economic resilience and stability by enabling effective risk management, supporting stable incomes and increasing investment.

**Main activities:** ARM has shown significant potential for helping Croatian farmers manage risk. Key to this success has been cooperation between risk management experts (G&Co), technical experts (Osint, an IT company from Norway) and local agricultural experts (FAZ). Stakeholders ensured the tool is adapted to the practical needs of farmers. Workshops and surveys proved essential in identifying gaps in usability and tailoring the platform to a wider range of users, including those less familiar with digital tools.

ARM is a database, platform and web-based portal designed to help agricultural stakeholders better understand, monitor and manage risks, providing farmers, governments and insurers with up-to-date information in real-time. It consists of five modules: crop production, natural catastrophe losses, weather and hazards, climate trends and agricultural demographics. ARM uses advanced data crawling and mining techniques to collect risk-relevant information and integrate best practice data sources (meteorological, yield, loss and market data) from the public and private sectors. The data is then quality checked, structured and prioritised for agricultural risk analysis.

The climate risk data is visualised in intuitive graphs, charts and maps, ensuring that anyone can understand the information relevant to them. Farmers receive actionable recommendations on risk mitigation (e.g. crop diversification, irrigation and insurance) and risk transfer (e.g. insurance solutions). By quantifying and visualising risks, ARM improves farmers' ability to negotiate insurance and access financial products, which protects them from unexpected losses. ARM also helps farmers transform their farms into data-driven businesses that can adapt to climate and market risks more quickly and efficiently.

**Results:** The ARM platform has delivered significant results for Croatian agriculture by utilising big data and the latest scientific knowledge in an integrated tool. By creating individual risk profiles at the county level, ARM provides the means to enable over 100 000 Croatian farmers and agribusinesses to better adapt their risk management strategies. The platform facilitates more efficient decision-making at an operational level, stimulates risk transfer activities and optimises budget planning, which has led to improved economic performance and increased investment in climate resilience. ARM is also used by insurers for better risk modelling, pricing and portfolio management, and serves as a basis for assessing and monetising realistic catastrophe scenarios at a national level. By making climate risk information accessible and actionable, ARM contributes to a more climate-friendly and economically resilient agriculture in Croatia.

Going forward, targeted marketing and training will be crucial for successful market uptake, especially for farmers with medium-sized farms (20-1000 ha). Long-term profitability and financial sustainability for ARM will rely on constant user feedback, stakeholder involvement and continuous improvement of the data, as well as the further development of prediction algorithms and the expansion of the tool's crop and hazard coverage.

**Funding:** EUR 38 573, EIT Climate KIC, RIS Matchmaking Innovation Market Call (Stage 2)

**Further information:** [www.genillard-co.com/our-products/#Product1](http://www.genillard-co.com/our-products/#Product1)

**Contact:** [j.plass@genillard-co.eu](mailto:j.plass@genillard-co.eu) and [info@genillard-co.eu](mailto:info@genillard-co.eu)



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## 2.4 Country fair remuneration schemes

**Description:** Remuneration schemes are initiatives involving different supply chain actors aimed at guaranteeing a better level of remuneration for primary producers.

Remuneration schemes are varied and can serve different objectives. Some support farmers who are transitioning to organic production, guaranteeing them fair remuneration during a period of uncertainty where they face higher costs but are not yet legally recognised as organic farmers. Other such schemes reward farmers for making additional sustainability efforts (beyond what is already mandated by national legislation) or promoting shorter supply chains. Remuneration schemes may also feature a consumer angle, whereby retailers and farmers collectively raise awareness among consumers about the products they purchase and the work of the farmers behind those products.

Overall, remuneration schemes can build trust in the supply chain and provide farmers with longer-term stability, for example, in relation to volumes purchased and prices.

**Main activities:** Remuneration schemes are based on agreements whereby buyers commit to paying compensation/price premiums or bonuses to farmers who commit to certain methods of production, e.g. transitioning to organic and higher sustainability standards. The calculation of the price premium and the specific standard that farmers should commit to depend on the individual scheme and is often defined and managed by an external certification body. Retailers inform consumers, normally via a label, about the initiative.

Many of these initiatives are based on a premium or surcharge payable to farmers. It is key that the surcharge paid by retailers (who then pass it on to consumers) can also be transmitted through the supply chain.

Initiatives on fair remuneration also depend on consumer uptake, i.e. their awareness and willingness to pay, which can be volatile and linked to their general economic situation. Labels can be a useful tool to bring consumers on board, and some now cover large parts of the market. However, there are also concerns around the proliferation of labels and how that may confuse consumers.

**Results:** The benefits and uptake depend on the scheme; for example, 30% of dairy products in the Netherlands are covered by 'On The Way to Planet Proof'. Retailers have contributed more than EUR 600 million to animal welfare in Germany. See more data here: [https://initiative-tierwohl.de/wp-content/uploads/2021/06/210818\\_flyer-6-Seiter\\_ENG.pdf](https://initiative-tierwohl.de/wp-content/uploads/2021/06/210818_flyer-6-Seiter_ENG.pdf)

**Funding:** Privately financed

**Further information:**

- > <https://www.eurocommerce.eu/farm-to-fork/>
- > <https://www.planetproof.eu/en/>
- > <https://initiative-tierwohl.de/>

**Contact:** [eurocommerce@eurocommerce.eu](mailto:eurocommerce@eurocommerce.eu)







## 2.5 Advisory services for farms in Finland

**Description:** In Finland, every farm can receive advisory services with supportive funding under the European Agricultural Fund for Rural Development (EAFRD). The maximum supportive funding is EUR 10 000 per farm during the 2023-2027 period, with EAFRD reimbursing the cost of an advisory visit at EUR 75/hour. Any portion above this hourly rate and the VAT is paid by the farmer. The advisory services can be targeted, inter alia, to counselling on farmer support conditions, advice for farmer well-being and work management, tips to improve farm resilience and for farm development and animal well-being.

**Main activities:** Farmers select the farm advisor from a list of qualified advisors registered with the Finnish Food Authority (FFA). Advisors come from a range of fields, including animal nutrition, farm economics, energy efficiency and energy plans, bioenergy development, business advice, generational renewal, production direction change, organic production, occupational safety and working conditions. Advisors may offer consultations across these nine different areas: farm resilience; improving competitiveness; value chain; climate change mitigation and adaptation and sustainable energy; sustainable development and natural resources; biodiversity; young farmers and new entrepreneurs; employment and growth; and food security and animal welfare.

Before providing advice to an individual business, the advisor must record the appointment on the FFA transaction system. The consultation is then carried out with the farmer, who signs a form to confirm the advice has been provided. The advisor then reports the consultation in the transaction system and requests a consultation fee payment using the same system.

This approach to advisory provision is easy and flexible for the farmer, requiring no additional work or administrative tasks on their part. Farms of any size or type may seek advice. In terms of addressing economic vulnerability, advice is important as it can cover farm economics and financial issues, like debt counselling, profitability calculations, production cost calculations and business plans.

**Results:** This practice is well known by the farmers and it is widely utilised across Finland.

**Funding:** 2023-2027 CAP Strategic Plan

**Further information:**

- > [www.ruokavirasto.fi/tuet/maatalous/maatilojen-neuvonta/](http://www.ruokavirasto.fi/tuet/maatalous/maatilojen-neuvonta/)
- > [www.ruokavirasto.fi/tuet/maatalous/neuvontakorvaus/](http://www.ruokavirasto.fi/tuet/maatalous/neuvontakorvaus/)

**Contact:** [kirjaamo@ruokavirasto.fi](mailto:kirjaamo@ruokavirasto.fi)





## 2.6 Teagasc's Transferring the Family Farm Clinics

**Description:** Teagasc's Transferring the Family Farm Clinics are information sessions designed to help Irish farm families start conversations and make informed, structured decisions about how they plan and manage the transfer of the farm to the next generation.

**Main activities:** The clinics help reduce economic vulnerability by addressing legal, tax, pension and financial issues early. They provide **practical advice** on passing on the farm, covering key areas such as:

- > **Legal issues** (wills, inheritance, ownership)
- > **Tax planning** (capital gains tax, stamp duty, etc.)
- > **Social welfare** (pensions, entitlements)
- > **Financial planning** (viability, income security)

By encouraging open discussion and expert advice, the clinics reduce the risk of poor planning or uncertainty, ensuring long-term financial stability for the farm. The advice comes from various experts, including solicitors, accountants, mediators, social welfare experts and Teagasc advisors.

The clinic's advice helps protect farm income, avoid family disputes and support young farmers in taking over viable businesses. Overall, the clinics strengthen resilience by helping families make informed decisions about the future of their land and livelihood.

**Results:** Sixty-one events were held over 10 years since 2014 with some 17 000 participants, and over 500 rural professionals in attendance. Teagasc training linked to these events allowed advisors to provide farm generational renewal advice on a one-to-one basis as part of normal farm technical and CAP scheme advice. This has allowed farming families to benefit from CAP support and Irish tax reliefs that encourage generational renewal. One-to-one sessions have proven to be the best way of interacting with farming families on something that is both personal and private.

**Funding:** n/a

**Further information:**

- > [www.teagasc.ie](http://www.teagasc.ie)
- > [www.teagasc.ie/rural-economy/farm-management/succession-inheritance/](http://www.teagasc.ie/rural-economy/farm-management/succession-inheritance/)

**Contact:** [info@teagasc.ie](mailto:info@teagasc.ie)



## 2.7 Growth and Sustainability Loan Scheme

**Dates:** 2023-2026

**Description:** The Growth and Sustainability Loan Scheme (GSLS) is delivered by the Strategic Banking Corporation of Ireland (SBCI) and benefits from a guarantee provided by the European Investment Bank Group (EIB), with support from Ireland's Department of Enterprise, Trade and Employment (DETE) and the Department of Agriculture, Food and the Marine (DAFM).

The scheme provides SMEs and small mid-caps, including farmers, fishers and foresters, with long-term financing to either:

- encourage the growth and resilience of their enterprise; or
- invest in climate action and environmental sustainability measures designed to improve their performance.

Agri-SMEs are supported through long-term investment financing to improve productivity and income stability, providing affordable low interest loans to reduce the cost of finance, particularly for economically vulnerable farmers. The scheme encourages the transition to sustainable farming practices that can increase resilience to market environmental risks. It also facilitates generational renewal and farm succession planning through accessible finance, including unsecured loans up to EUR 500 000 for younger farmers and new entrants.

**Main activities:** Loans made through the GSLS increase access to finance options for those active in the agriculture sector by providing unsecured lending up to EUR 500 000 at reduced interest rates. It also reduces the risk to the on-lender by providing up to 80% guarantee for loan defaults should they arise. The availability of such funding supports DAFM's key objectives and policy priorities in relation to increased sustainability and viability of the Irish farming sector.

The availability of unsecured loans up to EUR 500 000 makes it a viable source of finance for SMEs considering long-term investment projects to improve the resilience of their enterprise, especially those with low or no available security. It also serves smaller-scale farmers, who often lack the leverage to negotiate more favourable terms with their bank. Food companies have also identified long-term investment finance of up to ten years as a critical need, which is currently unavailable outside of this scheme.

Additionally, any loans over EUR 500 000 applicants may be required to submit a business plan providing additional detail on how the loan will be used.

The GSLS focuses its actions on **climate action and environmental sustainability** for businesses investing in one of the following areas:

- Investment in green/sustainable measures.
- Investment by SMEs classified as a green/sustainable enterprise.
- Any investment by farmers classified as holders of a 'Green Eco Label'.

Qualifying climate action and environmentally sustainable loans benefit from a discounted interest rate when compared to equivalent loans. To be eligible for the green element of the scheme, businesses must qualify under one of the following categories:

### Green Enterprise SME:

Borrowers must generate 90% or more of their revenue from eligible, sustainable activities, and provide an external accountant's letter confirming the percentage of 'green' activity revenue in the most recent 12-month period for which financial information is available. Applicants are required to upload the external accountant's letter referenced above during the pre-eligibility application on the SBCI Hub.

### Green Farmer:

- Green Eco Label (Farming) - To qualify, borrowers must be members of Ireland's Agri Climate Rural Environment Scheme (ACRES) Tier 1, Tier 2 or ACRES Co-operation stream; and be a member of Bord Bia's (The Irish Food Board) Origin Green Beef or Dairy Assurance Schemes. Eligibility is based on providing a valid herd number linked to the above schemes.
- Green Eco Label (Organic Farming) - To qualify, borrowers must be an approved organic operator to recognised EU Organic Standards by one of Ireland's organic certification bodies. Eligibility is based on providing a valid herd number.

### Green Measures:

To qualify, borrowers must invest in measures which align with the EIB's parameters for the scheme and provide a description of intended measure(s) during the SBCI hub application. Eligibility is based on the assessment made during the SBCI hub application.

A. Loans for growth focus on long-term investments towards the growth and resilience of the enterprise.

Loans are permitted (subject to certain conditions) for, but not limited to, the following purposes:

- Investments in tangible or intangible assets.
- Machinery or equipment.
- Research and development.
- Business expansion.
- Premises improvement.
- Process innovation.

**Results:** As of early 2025, **4 398** eligibility codes have been issued. **1 831** loans to the value of **EUR 410 million** have been sanctioned. Of which, 642 loans (35%) to the value of EUR 82.59 million (20%) are for the agri-food sector. The breakdown between 'Growth' and 'Green' is approximately two-thirds to one-third.





Loans have been issued for investment in the following purposes:

- Improvement of the overall performance and sustainability of the agricultural holding.
- The creation and improvement of infrastructure related to the development, adoption and modernisation of agriculture.
- The improvement of the natural environment, hygiene conditions or animal welfare standards, provided the investment goes beyond the EU standards.
- Contributing to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and enhancing carbon sequestration, as well as promoting sustainable energy and energy efficiency.
- Contributing to sustainable circular bioeconomy and fostering external development and efficient management of our natural resources, such as water and air, including by reducing chemical dependency.

**Funding:** EUR 500 million loan portfolio leveraged by EUR 115 million in exchequer funding provided on a 60/40 split between DETE and DAFM (national) and supported by a guarantee provided by the SBCI, counter guaranteed by the European Investment Fund.

**Further information:** [Growth and Sustainability Loan Scheme - SBCI](#)

**Contact:** [Economicsandplanning@agriculture.gov.ie](mailto:Economicsandplanning@agriculture.gov.ie)



## 2.8 Taxation measures to support farmers – Income averaging

**Description:** This taxation measure forms part of a country-wide risk management framework that includes loan schemes and CAP supports to mitigate risks and to increase the resilience of the Irish farming sector. Income averaging allows farmers to pay tax on the averaged profit and losses of their farming trade over a period of five years. This means one-fifth of the profits for the five years is charged to the tax year.

**Main activities:** The opt-in scheme is operated by the Irish Office of the Revenue Commissioners. The scheme helps farm businesses deal with income volatility associated with the farming sector by providing a smoothing mechanism to even out taxable income over a number of years, with flexibility to temporarily step out of averaging for a single year. The averaging smooths out the farmer's taxable income over this period and facilitates better financial planning.

Income averaging treatment is available to all individual farmers, whether they farm solely or in partnership. A farmer must elect in writing within 30 days of the date of an assessment to participate in the averaging regime. The minimum duration of averaging is five years, after which the farmer can revert to the normal basis of assessment. However, there is an option to exit income averaging for a single year.

The Irish Department of Finance are primarily responsible for taxation policy, however both the Department of Finance and Department of Agriculture, Food and the Marine work closely together on taxation matters to ensure it is consistent with priorities for the agri-food sector.

**Results:** n/a

**Funding:** n/a

**Further information:** [www.revenue.ie/en/self-assessment-and-self-employment/farm/farming/income-averaging.aspx](http://www.revenue.ie/en/self-assessment-and-self-employment/farm/farming/income-averaging.aspx)

**Contact:** [EconomicsandPlanning@agriculture.gov.ie](mailto:EconomicsandPlanning@agriculture.gov.ie)



## 2.9 Rural Social Scheme (RSS)

**Description:** The Rural Social Scheme (RSS) was established in 2004 to support low-income farmers and fishers. It provides a supplementary income for those who are unable to earn an adequate living from their primary occupation. In return, participants in RSS contribute to their rural communities by carrying out work, including:

- Maintenance and enhancement of walking routes such as way-marked ways, agreed walks and bog roads.
- Energy conservation initiatives for older people and individuals at risk of poverty.
- Village and countryside enhancement projects.
- Social care and support for the elderly.
- Community care services for pre-school and after-school groups.
- Environmental maintenance, including caretaking of community and sports facilities.
- Support for not-for-profit cultural and heritage centres.
- Community administration and clerical assistance.
- Other community-based projects.

The Irish Department of Social Protection (DSP) oversees the scheme, including eligibility criteria.

**Main activities:** Participants work 19.5 hours per week. These hours are based on a schedule that is farmer- and fisher-friendly. This is to ensure participation does not affect the beneficiary's farming/fishing activities. Those selected to get a place on RSS are offered a contract from their start date up to the following 31 March. Initially, there was a 6-year time limit for participants on RSS, which was removed in 2022.

To qualify for the RSS, applicants must receive a social welfare payment. Eligible participants must meet the following criteria:

- Be 25 years or older and receive Farm Assist, a means-tested payment for low-income farmers.
- Actively engage in farming or fishing while receiving a social welfare payment.
- Be the child or sibling of a farmer and qualify under specific conditions.

The scheme offers participants an opportunity to work within their local communities, alleviating rural isolation and providing them with a sense of purpose.

**Results:** According to the DSP, the number of farmers receiving Farm Assist has decreased by 33% over the past five years. In 2019, 5 971 farmers received the payment. By the end of 2024, the number had dropped to 3 985, representing a decline of 1 986 farmers (as of June 22, 2024).

**Funding:** The Rural Social Scheme allocates EUR 52 million per annum by the DSP.

**Further information:**

- <https://www.gov.ie/en/department-of-social-protection/publications/operational-guidelines-rural-social-scheme/>
- [www.citizensinformation.ie/en/social-welfare/farming-and-fishing/rural-social-scheme/](http://www.citizensinformation.ie/en/social-welfare/farming-and-fishing/rural-social-scheme/)
- <https://www.sciencedirect.com/science/article/pii/S0743016725001573?via%3Dihub>
- [2024 - Sustainable Transition of the Rural Economy Through Generational Renewal - Teagasc | Agriculture and Food Development Authority](#)
- [Pension provision in the farming sector - Lessons from Europe - ScienceDirect](#)

**Contact:** [Social.Inclusion@welfare.ie](mailto:Social.Inclusion@welfare.ie)





## 2.10 Income stabilisation tool in Italy

**Description:** All recognised income stabilisation tool (IST) funds in Italy fall within the typology of 'specific sector IST'. The objective of IST funds is to protect farm income in the event of a significant decline caused by adverse market dynamics, such as a drop in product prices or in the prices of production factors. This is achieved by compensating up to 70% of the income loss compared to the previous period, thereby reducing the overall income shortfall.

These funds operate by reducing the income risk (impact of negative income variance) caused by changes in product prices (decline), input prices (increase) and cost impacts (increase), as a result of generalised changes in production yields (decline). The instruments, within the limits of their financial capacity, are capable of mitigating the severity of income reductions resulting from adverse developments in product and factor markets.

The instruments complement other risk management tools (e.g. insurance) by addressing different types of risk. Moreover, they account for the cost of insurance premiums as part of enterprise expenditures, while treating compensation for damages as part of enterprise revenues.

IST funds are focused on the following sectors: sugar beet, cow's milk, apples, fruit and vegetables, and rice. They are financed through both private contributions and public funding in accordance with the provisions of the EAFRD. The amount of the eligible contribution (i.e., the payment to the fund for mutual coverage) is regulated by a decree issued by the Italian Ministry of Agriculture, Food Sovereignty and Forestry (MASAF) (commonly referred to as the 'Pricing Decree'), which sets the maximum and minimum eligible amounts.

During the fund's initial three years of operation, the relevant managing body must justify the applied contribution rate through an actuarial analysis of income risk, within the limits established by the Pricing Decree. From the fourth year onward, the eligible rate is determined based on an analysis of the fund's financial balance, taking into account the compensations paid and the contributions collected. Agricultural cooperatives and producer organisations work directly with fund managers in the operation of IST, as they can provide detailed data on production volumes and sales revenues.

**Main activities:** A specific-sector IST fund intervenes when a market crisis arises affecting a particular product or sector. The crisis is assessed by monitoring income trends within the specific sector and is officially declared when sectoral income falls by more than 15%. The crisis may be reported at the national level by ISMEA (Institute of Agricultural Food Market Services) or locally by the fund manager. The reference income is calculated as the value added, defined as the value of production, plus public support minus costs for external factors.

According to national legislation, in the event of a crisis, the fund may compensate members who have experienced a sharp decline in income, greater than 20% compared to the previous period, related to the production covered by the IST fund. Individual income is calculated as the difference between revenues, which include both product sales (as demonstrated by the enterprise) and public support (enterprise-specific data) and variable production costs (estimated using a cost index derived from a sample-based analysis).

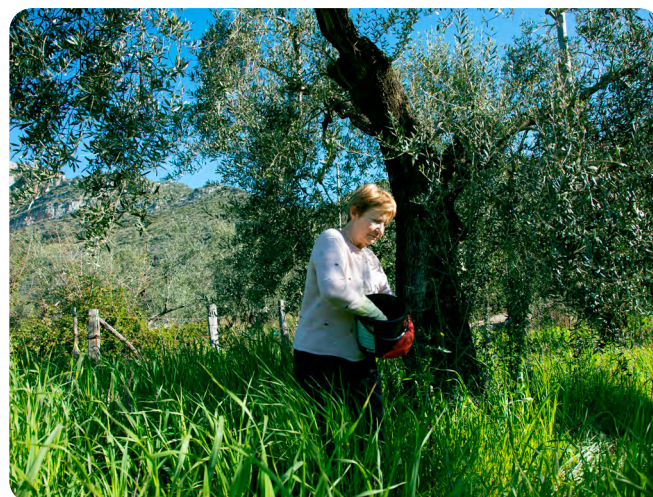
Farms experiencing an income drop of more than 20% during a declared crisis may receive compensation from the IST fund, up to a maximum of 70% of the income loss.

From an operational point of view, IST funds establish their own compensation rules through internal regulations, specifying thresholds, deductibles and maximum compensation levels.

**Results:** According to information published by the MASAF, a total of nine IST funds have been officially recognised. Nationally, IST funds range in size, from those just exceeding the minimum threshold to others with approximately 1 500 participating enterprises (e.g. IST fund for apples). To date, no public statistics are available on the impact of current IST fund management on farm incomes. However, simulation results are available in research publications.

ISTs are still relatively new, so there may still be some uncertainty about how it should be developed and applied. Such uncertainty has the potential to create a significant institutional risk for both fund managers and national authorities, thereby hindering the development and broader adoption of the IST instrument.

**Funding:** CAP funding



### Further information:

- > [www.ismea.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/10848](http://www.ismea.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/10848)
- > [www.condifesatvb.it/campagna-mutualistica/](http://www.condifesatvb.it/campagna-mutualistica/)
- > [www.codipratn.it/fondi-mutualistici/](http://www.codipratn.it/fondi-mutualistici/)
- > <https://www.hagelschutzkonsortium.com/hsk/fond>
- > [www.asnacodi.it/news/nasce-il-fondo-mutualistico-ist-barbabietola-da-zucchero](http://www.asnacodi.it/news/nasce-il-fondo-mutualistico-ist-barbabietola-da-zucchero)
- > Press article in French: <https://www.artb-france.com/actualites/535-l-italie-a-mis-en-place-un-isr-pour-securiser-le-revenu-des-betteraviers.html>

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## 2.11 Mutual funds in Italy

**Description:** Provision of mutual funds is made possible under Article 76 of Regulation (EU) 2021/2115. They are mainly used to protect farmers against animal and plant diseases or income variability. In the case of adverse climatic events in Italy, insurance contracts are used most often, although it is still possible, pursuant to the aforementioned Article 76, to use the funds even in the event of adverse weather conditions. Mutual funds are an important resource for ensuring the economic and productive sustainability of agricultural activity, promoting solidarity among farmers and offering a risk mitigation mechanism. The subsidised mutual funds against plant diseases provide for the payment of compensation for damages to farmers in the event of production losses of more than 20%.

The main objectives of the funds are:

- Provide financial coverage to farmers for income losses resulting from plant diseases and parasitic infestations.
- Help farms recover quickly from losses and maintain their productivity and competitiveness.
- Create a system of mutual assistance between farmers, promoting cohesion and mutual support.

Funds are also used to invest in monitoring activities for plant diseases and pest infestations, using advanced technologies such as drones, sensors and predictive models. In the event of damage caused by plant diseases or parasitic infestations, farmers can submit a claim for compensation to the fund only if they have complied with the rules laid down for cultivation by the region or by the regulations of the mutual fund. In this case, after the good agricultural practices for accession have been fulfilled by the farmer, the amount of compensation is determined by a technical committee composed of experts, ensuring a fair and transparent process.

**Main activities:** Mutual funds are managed by local managing bodies that operate according to a national framework setting out the rules for the establishment and management of such funds. It is forbidden for insurance companies to be involved in such bodies. Managing bodies are authorised by the Italian agricultural ministry, approving a three-year financial plan. For the use of income stabilisation tools (IST), managing bodies also have to demonstrate the financial sustainability of the fund. In any case, farmer participation is voluntary, but they must commit to joining the fund for at least three years. Managing bodies will compensate farmers for production damage caused by adverse weather conditions, animal and plant diseases (plant diseases and epizootic diseases) and parasitic infections.

Funding operating as IST compensates farmers for severe income loss caused by market crises and variability. 30% of the capital stock for mutual funds is paid by farmers through condifesa or agricultural cooperatives, with the remaining 70% of capital stock contributed by the EAFRD.

**Example:** Agrifondo Veneto-Friuli manages several funds (including those with EAFRD contributions) against damage caused by wildlife, esca disease, Golden flavescence, reseeding, corn damage and damage to structures. Currently, 10 300 farmers of Veneto and Friuli are members with a production value (VPC) of more than EUR 1 billion. Between 2019-2024, the rates paid by farmers averaged 0.12% of VPC (EUR 12 million), while the compensations were in the region of EUR 15 million.

For the IST for fruit and vegetables (reserved for the members of a cooperative APO Scaligera), rates of more than EUR 800 000 were paid between 2019 and 2023 (EUR 600 million from EAFRD, EUR 200 million from farmers). The maximum compensation paid in 2022 was EUR 550 000.

There have also been many requests for intervention from farmers. Agrifondo had paid EUR 1.3 million for damage caused by Downy mildew, EUR 1.2 million for damage caused by Golden Flavescence and EUR 564 000 for damage caused by Esca Mal. Farmers appreciate that it has been the only organisation able to provide concrete solutions for vine disease damage, supporting their path towards more sustainable farming (source: Agrifondo Veneto-Friuli).

There is also a mutual national fund in Italy called AGRICAT (managed by the public sector), which pays compensation to all farmers receiving direct payments for damage caused by drought, ice and floods across all Italian regions. Farmers automatically become beneficiaries (in case of damage) when they apply to receive direct payments.

In case of mutual funds, following the framework established by Article 76 of the CAP regulation, committee oversight of managing bodies is composed of farmers and experts nominated by the general assembly of Condifesa (a farmers' consortium). The Condifesa itself has operational management of the funds, applying the regulations adopted by the assembly of members, e.g. initial and annual contributions to be paid by members, events covered, deductibles, thresholds, compensation criteria, criteria for expertise, process for determination of damage and climatic parameters. Effective communications and engagement with farmer members, stakeholders and public agencies for control are also key, using appropriate tools such as websites to support their work.

Farmers who join a managing body are required to:

- Comply with established regulations and rules (good agricultural practices) established by the regions and by the general assembly of Condifesa.
- Remain a member for at least three years.
- Pay the established initial and annual rates.
- Indicate production types to be covered alongside value or average income.
- Provide information about insurance policies stipulated by the farmer that cover different risks.





**Results:** There are advantages to using mutual funds; they complement insurance, offering guarantees for risks not managed by insurance companies and sharing risks between farmers and the public sector.

Being part of mutual funds enables the environmental monitoring of land use and management. It can also be a key tool for increasing the sustainability of agricultural activity, for example, mutual funds encourage farmers to adhere to good agricultural practices for balanced crop protection and to reduce the use of chemicals. Additionally, being part of a mutual fund provides a financial safety net for businesses in case damage occurs after reducing chemical inputs.

Being one of a cluster of businesses benefitting from mutual funds enables farmers to work together, improving knowledge and awareness, sharing good practices & data for managing risks, natural resources and improving business resilience.

#### **Funding:**

- > Five mutual funds for damage caused by animal and plant diseases (SRF02) and nine IST funds for severe income losses due to market crises and price variability (SRF03) are set by the ministry: EUR 96 406 222 = EUR 53 845 917 (national) and EUR 42 560 305 (CAP).
- > One public national fund (AGRICAT) for compensation for catastrophic damage (i.e. drought, ice, flood, etc.) (SRF04): EUR 568 104 596 (CAP).

The amounts refer to the years 2023-2029.

#### **Further information:**

- > <https://agridan.agrifondomutualistico.it>
- > [www.codipratn.it](http://www.codipratn.it)
- > [www.asnacodi.it](http://www.asnacodi.it)
- > [www.fondoagricat.it](http://www.fondoagricat.it)

**Contact:** n/a



## 2.12 ReGeNL (regenerative agriculture) project

**Description:** ReGeNL is a project running until 2030 that aims to future-proof farming through regenerative agriculture. In collaboration with Dutch farmers, it is integrating soil improvement and nature restoration into agricultural practices to create a viable business model for farmers.

Regenerative agriculture refers to farming practices that avoid the negative effects of conventional practices and contribute positively to nature, the environment, climate, food security, and society. Its foundation is in healthy, living soil, which supports ecosystem services, livestock and crop yields, and farmers' income. Regenerative agriculture also incorporates elements of other sustainable practices, such as circular, nature-inclusive and organic farming, but places greater emphasis on soil health.

**Main activities:** ReGeNL is supporting the transition to regenerative agriculture by working with 1 000 farmers to adopt profitable regenerative practices. These farmers come from five distinct regions, each with a development plan supporting regenerative outcomes. The project promotes replicable and profitable farm business models, alongside developing markets, products and governance frameworks that recognise the value of ecosystem services. As part of the project, the financial sector has introduced new financing products, enabling at least 30% of new financing to support regenerative farmers. Participants from the food processing industry have developed new models for regenerative farming and now purchase at least 30% regenerative products. The project has also enabled the development of formal and informal educational innovations focused on regenerative agriculture, which involved at least 10 000 (future) farmers, advisors, value chain employees and local stakeholders being trained or retrained.

By taking these crucial first steps, ReGeNL aims to become a regenerative agriculture example both nationally and internationally. This project is ongoing.

**Results:** EUR 129m national funding

**Further information:** <https://regenl.nl/>

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## 2.13 Community-based learning

**Description:** Study clubs are long-established in the Netherlands, typically consisting of up to 20 farmers and a paid advisor who supports them. Study clubs meet up to 15 times a year with the aim of helping farmers to identify their strengths and weaknesses, develop their business operations and improve their financial results. Instead of an advisor giving instructions to the group, the farmer is challenged to think for themselves and become more creative.

**Main activities:** The process is straightforward and accessible; the advisor organises the meetings, selects the topic and provides documentation. They also guide the discussion, ensuring mutual trust between participants where they can sit together, actively listen and discuss a topic.

An important part of the discussions is company comparison, where companies are divided into groups. The differences between the best and worst performing companies often amount to more than EUR 100 000. By comparing their financial results with others, looking at the technical and financial causes, and adjusting business operations accordingly, farmers can easily improve their business results, create a better financial basis for their business and be less vulnerable.

For example, in an economic study club, farmers discuss strategic, technical, economic and financial issues with colleagues. Not only do they visit and look at other companies, but they also review the actual technical and financial results. Discussing goals, opportunities, threats and future possibilities ensures that farmers broaden their horizons and increase their knowledge. They are challenged to give a company presentation and hear what others think.



Topics discussed in a study club are not limited to finances and can include anything relevant to the farm business, including: being an entrepreneur, sustainability, ANCA (Annual Nutrient Cycling Assessment), transitioning to organic, risk management, labour issues, the CAP, new techniques, family and partners, young farmers, legislation and regulations, etc. Critically, on any given topic, participants see what works and what does not so they can identify and benchmark specific areas for improvement.

**Results:** Study clubs have proven vital in building trust between businesses, enabling farmers to be valued friends and ensuring that they have the appropriate technical and financial tools needed to strengthen business performance – ‘measuring is knowing’.

**Funding:** Private – farmers own resources

**Further information:**

- > <https://edepot.wur.nl/134921>
- > <https://edepot.wur.nl/342763>
- > <https://www.ermelosweekblad.nl/lokaal/achtergrond/1150414/fok-en-studieclub-veeteelt-ermelo-putten-bestaat-25-jaar-de-v>
- > <https://www.dlvadvies.nl/financieel-management/studiegroepen/>
- > <https://www.dmsadvies.nl/studiegroepen/>
- > [Column Rick Hoksbergen: meer verdienen met minder | Countus](#)

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## 2.14 Provision of credit from cooperatives to their members

**Description:** The approach involves well-performing and solid cooperatives offering their members assistance with larger expenses and ameliorating seasonal cash flow difficulties that producers may encounter during their business operations. Assistance for larger expenses includes the acquisition of production factors, equipment and land.

**Main activities:** Cooperatives respond to members' needs and requests as per the cooperative model, ensuring that producers have the conditions to continue producing. They also ensure that the right conditions are in place to enable farmers to be sustainable and capable of investing and growing.

Credit can take many forms, for example, in a given cooperative, all members have two months to pay for the factors of production, up to a limit of twice the average value of the monthly product delivery to the cooperative, at no extra cost. After this period, or above the amount indicated, the producer has to pay a 4% fee. In the case of maize sowing, the deadline for paying for seed without interest is 31 July (sowing usually takes place between April and May). For fertiliser, the deadline is 31 August.

**Results:** This is seen as a service the cooperative can provide; there is no statistical study of data, and, ultimately, any public data could be seen as a deterrent to the scheme. Financially strong cooperatives tend to offer this option to their members. The terms offered vary according to the requests and the availability of the cooperative each year. The main result is the continued operation of active farmers, in the regions and cooperatives, by alleviating potential cash flow difficulties.

**Funding:** Only cooperative funds are used for these credits; there is no outside contribution, leading to yearly cooperative specific possibilities offered to members.

**Contact:** [www.confagri.pt](http://www.confagri.pt)







## 2.15 Voluntary quality certification of Romanian agri-food products

**Description:** Romanian agri-food products can be certified under voluntary quality schemes, such as 'Produs de Calitate Garantată' and 'Rețetă Consacrată'. The former ensures compliance with EU quality standards, while the latter applies to traditional foods made using the same recipe for over 30 years, before official certification. The Romanian Ministry of Agriculture and Rural Development oversees the Rețetă Consacrată certification through the National Register of Certified Recipes (RNRC). The aim of these voluntary certification schemes is to support farmers/producers by differentiating their products in a highly competitive market, allowing them to command premium prices through recognised quality attributes tied to traditional recipes, production methods or regional identity.

By creating structured, transparent certification processes aligned with EU standards, these schemes help producers respond to challenges, such as income volatility, reduced market access and consumer distrust in food quality.

They promote short supply chains, direct marketing and stronger consumer-producer connections, all of which contribute to increased resilience of rural economies. Furthermore, these schemes encourage sustainable practices by rewarding producers who meet higher quality benchmarks, fostering long-term environmental and economic benefits.

Overall, voluntary certification schemes empower farmers and processors to build value around authenticity and quality, enhancing their ability to compete in both domestic and international markets.

**Main activities:** The voluntary quality certification schemes, such as Produs de Calitate Garantată and Rețetă Consacrată, are designed to help farms overcome economic vulnerabilities by creating added value through product quality, transparency and authenticity. These schemes work by certifying agri-food products that meet specific criteria related to traditional recipes, unique production methods or regional distinctiveness.

The process begins with the development of detailed certification standards, created in consultation with producers, processors and food quality experts. These standards define the product specifications, raw material sources, and production techniques that must be adhered to in order to receive certification. Producers may apply for certification and undergo a verification process conducted by an independent body to ensure compliance.

Once certified, producers are entitled to use official logos and labelling, which clearly communicate the product's quality attributes to consumers. This labelling increases consumer trust and willingness to pay a premium price. The schemes also provide marketing tools and visibility through promotional campaigns and participation in local and international food fairs.

An important component of the scheme is its integration into short food supply chains. Certified products are often sold directly to consumers through farmers' markets, farm shops or local restaurants and retailers. This reduces dependence on intermediaries, increases profit margins and enhances resilience to market price volatility.

The schemes also foster consumer education and awareness about local food heritage and quality standards, further increasing demand for certified products. Additionally, they encourage sustainable practices and the preservation of traditional knowledge, which can make farming more adaptable to environmental and market changes.

By empowering farmers/producers to compete on quality rather than volume, these schemes offer a viable alternative to the commodification of agricultural products. They help stabilise income, build brand identity and open access to niche and export markets. As such, the voluntary quality certification schemes represent a strategic approach to addressing key economic challenges in agriculture, including low profitability, market access barriers and vulnerability to external shocks, such as extreme weather or fluctuating demand.

The voluntary quality certification schemes were created through a collaborative effort by the AgroTransilvania Cluster, the Association for Promoting Romanian Food and the University of Agricultural Sciences and Veterinary Medicine from Cluj-Napoca. These organisations jointly developed the certification standards and framework to support farmers/producers in adding value to their products. The AgroTransilvania Cluster facilitates implementation and market access, while the University of Agricultural Sciences and Veterinary Medicine from Cluj-Napoca provides scientific and technical expertise, and the Association for Promoting Romanian Food leads advocacy and awareness efforts. Additional stakeholders include farmers and food producers seeking certification, independent auditing bodies that ensure compliance and consumer groups whose trust and demand drive the system's success.

The voluntary quality certification schemes in Romania are supported under the CAP through interventions at farm level aimed at enhancing product quality and market access. These initiatives align with CAP objectives to improve competitiveness, promote sustainable agriculture, and support rural development. Specifically, they are integrated into Romania's CAP Strategic Plan, which allocates funding. This support is part of broader efforts to strengthen the agri-food sector and reduce economic vulnerabilities in farming.



**Results:** The voluntary certification schemes have led to measurable improvements in the visibility and marketability of Romanian agri-food products. As of April 2025, the RNRC includes 29 officially recognised traditional recipes, forming the basis for product certification. The National Register of Products Certified According to Established Recipes (RNPARC) includes 83 certified products: 43 meat products, 30 dairy products, and nine milled products.

These certifications have supported producers in differentiating their offerings, accessing niche markets, and securing higher and more stable prices. Many producers reported improved income stability by participating in direct-to-consumer models and benefiting from increased consumer trust due to clear labelling and product traceability. Furthermore, the schemes have encouraged the preservation of traditional knowledge and regional food heritage, adding cultural and economic value.

Risk mitigation has also been achieved by reducing reliance on volatile commodity markets and enhancing resilience to economic and climate-related shocks through diversified, high-quality product lines. The initiative has strengthened rural economies, improved brand recognition for Romanian food and provided a replicable model for sustainable agricultural development.

**Funding:** Total budget EUR 3 835 554 = EUR 2 224 458 (national) and EUR 1 611 096 (private)

The authors acknowledge the support by AgroTransilvania Cluster, through the project 'AgroTransilvania Cluster - Cluster specialised in bioeconomy' (Competitiveness Operational Program Axis 1. Program cofinanced by the European Regional Development Fund "Investing for your future", Section B—Competition code POCA1-A1.1.1-B-2015—Project type— Innovation clusters. P\_35\_476, co-funded by European Regional Development Fund).

**Further information:**

> [www.agrocluster.ro](http://www.agrocluster.ro)

> <https://madr.ro/industrie-alimentara/retete-consacrate.html>

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