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EXECUTIVE SUMMARY

This deliverable consolidates the policy-oriented work undertaken under the ReForest project during its final implementation phase. It brings together **six Discussion Policy Papers, two Policy Briefs, and one Policy Note**¹ developed by EMEA in close collaboration with project partners and informed by contributions from farmers, researchers, policymakers, advisory services, industry representatives, and other stakeholders engaged throughout the project.

The objective of this work is to translate ReForest's scientific findings, Living Lab experiences, stakeholder engagement activities, and practical implementation lessons into actionable policy recommendations. In line with the *Grant Agreement* and European Commission guidance on project impact, our methodology ensures that ReForest results contribute beyond research outputs and provide concrete inputs to policy discussions at European, national, and regional levels. Special attention is given to the evolving policy landscape surrounding the post-2027 Common Agricultural Policy (CAP), climate and biodiversity objectives, carbon farming initiatives, sustainable finance frameworks, and rural development strategies.

We have established a clear, collaborative plan that has successfully guided the development of these policy outputs. The process begins with a comprehensive review and synthesis of policy-relevant evidence generated across the ReForest project. This includes project deliverables, Living Lab findings, survey and interview results, digital innovation outputs, finance and business model analyses, and stakeholder feedback collected throughout the project. The purpose of this phase is to identify key barriers, opportunities, and policy gaps affecting the wider adoption and scaling of agroforestry systems across Europe.

EMEA, then, conducts a series of bilateral meetings and consultations with Work Package leaders and consortium partners. These exchanges help validate findings, identify emerging policy priorities, and co-design the thematic focus of the Discussion Policy Papers. This collaborative process ensures that each paper reflects both the scientific evidence generated by ReForest and the practical realities faced by farmers, advisors, and other actors working within agroforestry systems.

The **six Discussion Policy Papers** form the foundation of the policy engagement process. Each paper focuses on a strategic theme emerging from the project, including *governance and regulation, market integration and value chains, digital tools and innovation, climate adaptation and resilience, financing and investment, and broader enabling conditions for agroforestry expansion*. Together, these themes explore the contribution of agroforestry to social innovation, the green transition, climate change mitigation, adaptation, and rural resilience, and more. Their purpose, in a nutshell, is to open discussion, identify trade-offs, and frame key questions for policymakers and stakeholders.

The Policy Dialogues led by EMEA build directly on these Discussion Policy Papers. They provide a space to test the main findings, gather feedback, challenge assumptions, and include perspectives from policy institutions, farmer organisations, research networks, financial actors, and civil society organisations. The feedback collected through these exchanges is then used to refine the policy outputs and support the development of more targeted recommendations.

Building on this process, two Policy Briefs were developed to address the major systemic gaps identified throughout the project. While the Discussion Policy Papers are more analytical and

¹ The Policy Note was published in prior to the Policy Dialogue event by EMEA to set the scene for the Policy Dialogues held in Brussels and described below.

research-oriented, the Policy Briefs are designed for policymakers and decision-makers. They synthesise the main findings from the discussion papers, stakeholder consultations, and Policy Dialogues into concise, actionable recommendations to support policy design and implementation.

Policy Brief #1 - Governance and Regulations for Agroforestry Expansion focuses on the implementation gap that persists despite growing policy recognition of agroforestry. It argues that agroforestry remains “eligible but invisible”: recognised in principle, but still difficult to define, programme, fund, monitor, and reward in practice. The brief examines barriers related to governance frameworks, definitions, land classification, eligibility rules, monitoring systems, advisory support, and institutional coordination. It also explores how the post-2027 CAP can advance agroforestry from formal recognition to operational delivery by clarifying implementation rules, providing stable support, establishing workable MRV, strengthening advisory capacity, and better integrating with sustainable finance and value chains.

Policy Brief #2 - Finance and Investment Mechanisms for Agroforestry Transition in Europe addresses the investment and financing gap that continues to constrain agroforestry adoption. The brief outlines policy measures to improve access to finance, reduce investment risks, strengthen market incentives, and better align public and private funding mechanisms with the long-term characteristics of agroforestry systems. In doing so, it responds directly to the task’s objective of preparing policy designs that strengthen financial innovation networks in agroforestry and enhance farmers’ financial inclusion. It also explores how policy can support the valuation of ecosystem services, mobilise private investment, and create conditions for long-term expansion of agroforestry.

For ease of reading, the documents are presented in a deliberate sequence. The six Discussion Policy Papers appear first, as they provide the analytical and consultation basis for the policy recommendations. The two Policy Briefs that follow synthesise the main findings and translate them into more targeted recommendations for policymakers. This order allows readers to follow the full policy development pathway, from evidence review and stakeholder dialogue to final policy messages.

EMEA gratefully acknowledges the contribution of all ReForest consortium partners, whose work shaped the development of these outputs. EMEA also thanks its internal team for their work in coordinating the policy process, consolidating evidence, engaging stakeholders, and preparing this deliverable. The ReForest series of policy papers has been published and is available on the EMEA website, the ReForest Platform Knowledge Hub, and the Finance and Policy Working Group.

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LIST OF ACRONYMS AND ABBREVIATIONS

Abbreviation	Definition
AECAs	Agri-Environmental and Climate Actions
AECMs	Agri-Environment-Climate Measures
AF	Agroforestry
AFINET	Agroforestry Innovation Network
AFN Network+	Agri-food for Net Zero Network+
AGFORWARD	AGroFORestry that Will Advance Rural Development
AKIS	Agricultural Knowledge and Innovation Systems
CAP	Common Agricultural Policy
CRCF	Carbon Removals Certification Framework
CSA	Community Supported Agriculture
CSRD	Corporate Sustainability Reporting Directive
DG AGRI	Directorate-General for Agriculture and Rural Development
DG CLIMA	Directorate-General for Climate Action
DG ENV	Directorate-General for Environment
DG GROW	Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
DST	Decision Support Tools
ECA	European Court of Auditors

EPRS	European Parliamentary Research Service
ES	Ecosystem Services
ESG	Environmental, Social, and Governance
EU	European Union
EURAF	European Agroforestry Federation
FAO	Food and Agriculture Organization of the United Nations
IACS	Integrated Administration and Control System
IEEP	European Environmental Policy Institute
INRES	Institute for Food and Resource Economics
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel on Climate Change
IPES-Food	International Panel of Experts on Sustainable Food Systems
IT	Information Technology
LPIS	Land Parcel Identification System
LULUCF	Land Use, Land-Use Change and Forestry
MRV	Monitoring, Reporting, and Verification
NPV	Net Present Value
NRPP	National and Regional Partnership Plans
ORC/ORC(ADAS)	Organic Research Centre
PES	Payment for Ecosystem Services
ROI	Return on Investment
UK	United Kingdom
UNEP	United Nations Environment Programme

DISCUSSION POLICY PAPERS AND POLICY BRIEFS



REFOREST

Organisation: Euro-Mediterranean Economists Association (EMEA)



Discussion Policy Paper #1

Governance and Regulations for AF Expansion

Date: June 2026



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1. MOTIVATION/CHALLENGE

Agroforestry (AF) is increasingly recognised as a strategic land-use system for advancing the objectives of the *European Green Deal*, the *EU Biodiversity Strategy for 2030*, and the *Farm to Fork Strategy*. Through its multifunctional benefits, it contributes to climate change adaptation and mitigation ecosystem restoration, and rural diversification. Despite this strong policy alignment, AF remains marginal in European agricultural practices. Structural barriers include fragmented governance, weak policy coherence, land-ownership constraints, gaps in education and advisory services, limited access to financing, and uneven implementation of the Common Agricultural Policy (CAP) across Member States (Hajdukovic, 2025; Zibecchi, 2025).

Recent CAP reforms have improved formal recognition of AF, but core institutional and regulatory barriers to large-scale adoption persist. The forthcoming CAP post-2027 reform and the implementation of the Carbon Removals Certification Framework (CRCF) represent a pivotal opportunity to embed AF within a *results-based governance model*² that rewards ecosystem services and climate performance.

This policy discussion paper³ examines regulatory and governance conditions required to unlock AF's potential within EU policy frameworks. It draws on the findings from the ReForest project and complementary external literature to identify the financial, institutional, and methodological constraints that limit the economic uptake of agroforestry, and to clarify the conditions required for AF to function as a viable farm strategy in the post 2027 CAP context.

2. REFOREST EVIDENCE

ReForest Mapping Reports (D5.1–D5.3) show that agroforestry continues to face structural, institutional, and financial barriers that limit its effective integration into the CAP.

D5.1 - Mapping Report on Agroforestry Sector Finance and Policy I (2023) identifies regulatory fragmentation between agricultural, forestry, and environmental administrations as a central obstacle, highlighting the absence of a harmonised AF definition and inconsistencies in eligibility criteria under Pillar I and Pillar II. These gaps have limited the inclusion of AF measures in national CAP Strategic Plans (Hajdukovic, 2024).

D5.2 - Mapping Report on Agroforestry Sector Finance and Policy II (2024) extends the analysis to the current financing mechanisms and policy developments influencing AF adoption, focused on the CAP 2023–2027 period, State aid frameworks, and emerging carbon farming schemes. It confirms that, although the new CAP architecture opened eco-schemes and agri-environment-climate measures (AECMs), implementation remains highly heterogeneous across Member States, particularly

² results-based governance model links payments or support to the measurable achievement of specific environmental or climate outcomes, with beneficiaries' rewards dependent on verifiable indicators of delivery rather than solely on the implementation of prescribed actions. This approach enhances MRV frameworks by focusing on outcomes and their contribution to broader EU objectives.

³ As part of the ReForest Policy Discussion series, this discussion policy paper aims to support dialogue with panellists, gather targeted input, and help refine priorities ahead of the final Policy Briefs to be released in June.

in relation to payment levels, tree-density thresholds, monitoring requirements, and administrative complexity. Our report also examines how sustainable finance, insurance tools, and hybrid carbon farming schemes, which combine action-based and result-based payments, could strengthen the economic viability and resilience of agroforestry systems, laying the groundwork for payment for ecosystem services (PES) models (Hajdukovic, 2025).

D5.3 - Mapping Report on Agroforestry Sector Finance and Policy III (2025) situates AF within a rapidly evolving EU policy environment shaped by initiatives such as the Carbon Removal Certification Framework (CRCF), the Corporate Sustainability Reporting Directive (CSRD), the Omnibus Simplification Package, and the Strategic Dialogue on the Future of EU Agriculture. Its figure, “Timeline of relevant EU policy updates shaping AF finance,” helps the reader trace how AF has moved from a CAP/rural development issue to a cross-cutting policy question linked to climate, biodiversity, competitiveness, reporting, and implementation capacity. Our report’s SWOT analysis reinforces this point by showing a clear mismatch between policy opportunity and delivery capacity. These developments signal a shift toward performance-based and innovation-driven agricultural governance, where agroforestry can serve as a keystone solution for carbon sequestration, biodiversity enhancement, and rural resilience (Zibecchi, 2025).

EU Policy Updates

Timeline and Implications to Agroforestry



Figure 1 Timeline of relevant EU policies updates shaping AF finance. Source: Zibecchi (2025)

Given the rapid pace of policy and certification developments since the publication of D5.3, the timeline for this policy brief was updated. Figure 2 extends the original analysis by including relevant EU policy and certification updates from 2025–2026, capturing new developments that may shape the financing, monitoring and implementation of agroforestry in the post-2027 CAP context.

EU Policy Updates II

Updated Timeline 2025-2026

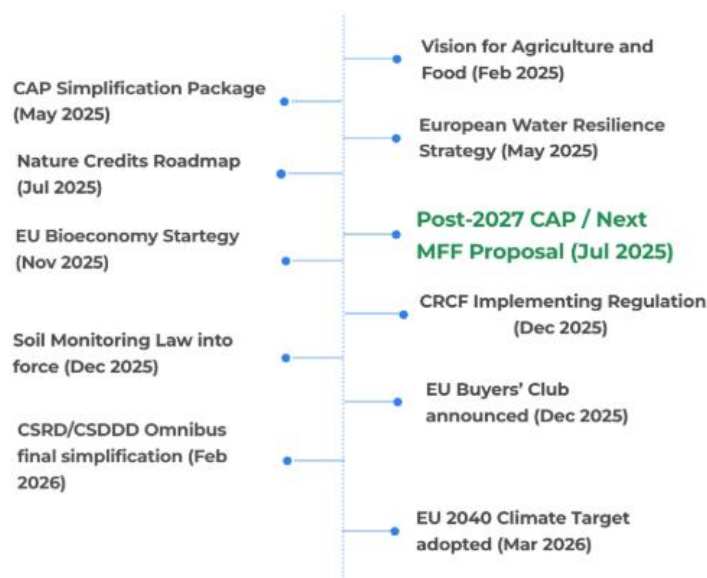


Figure 2 EU policy and certification updates relevant to agroforestry finance, 2025–2026. Source: Authors' own elaboration.

Findings from **D6.2 – Country-Specific Mappings of Institutional Barriers (2025)** confirm persistent institutional bottlenecks such as complex land classification systems, lack of clear ownership rules for mixed tree-crop systems, and limited technical capacity within public administrations. These factors reduce uptake and weaken the effectiveness of CAP instruments intended to reward ecosystem services and climate action (Kasargodu Anebagilu et al., 2025).

The **European Agroforestry Institutional Support-Scheme Database (CAP 2023–2027)**, offers the first EU-wide comparison of national AF support mechanisms. It reviews legal definitions, financial incentives, eligibility criteria, and advisory measures under both Pillar I and Pillar II, highlighting significant differences in institutional design and support intensity across Member States (Kasargodu Anebagilu et al., 2025b).

3. SCIENTIFIC STUDIES

These findings are consistent with a growing body of European research showing that agroforestry adoption is constrained less by a lack of environmental or economic benefits than by governance, institutional, financial, and implementation barriers.

3.1 GOVERNANCE AND POLICY BARRIERS

Several studies identify fragmented governance and inconsistent policy frameworks as major obstacles to the expansion of agroforestry. Santiago-Freijanes et al. (2018) highlight the lack of coherent policy support across the agricultural, forestry, and environmental domains, while Lojka et

al. (2022) show that regulatory uncertainty and administrative barriers continue to hamper agroforestry development even in countries with a long tradition of integrated land-use systems. Pe'er et al. (2022) further argue that the CAP 2023–2027 lacks sufficient coherence and ambition to reverse biodiversity loss, calling for stronger result-based approaches, landscape-scale coordination, and more effective advisory systems.

3.2 FARMER PERSPECTIVES AND ADOPTION DRIVERS

Evidence from farmers across Europe suggests that adoption decisions are influenced by a combination of economic, technical, and social factors. Based on 183 interviews across eight European countries, Rois-Díaz et al. (2018) found that farmers are often motivated by income diversification, environmental stewardship, tradition, and the opportunity to make productive use of marginal land. However, adoption remains constrained by management complexity, labour requirements, regulatory uncertainty, establishment costs, and delayed financial returns. Importantly, many farmers were unfamiliar with the term “agroforestry” even though they were already implementing agroforestry practices, highlighting a disconnect between policy frameworks and farm-level realities.

Similar conclusions emerge from the AFINET thematic network, which engaged approximately 1,500 agroforestry stakeholders across Europe. Mosquera-Losada et al. (2023) conclude that agroforestry is increasingly recognised within EU policy but remains constrained by technical, educational, economic, and regulatory barriers. Their recommendations closely align with ReForest findings, including the need for harmonised definitions, simplified CAP rules, stronger advisory services, demonstration farms, value-chain development, and a dedicated European agroforestry strategy.

Recent Agroof preliminary survey⁴ results from France and Spain reinforce this farm-level evidence by showing how CAP eligibility rules still create barriers for agroforestry adoption. Farmers reported complex procedures, frequent rule changes, and poorly adapted digital control tools for mixed tree-crop systems. More than 60% chose not to declare their trees to avoid compliance risks. Respondents largely supported making the whole agroforestry parcel eligible and shifting from surface-based conditions towards agronomic results.

3.3 ENVIRONMENTAL EFFECTIVENESS AND TARGETING

Broader environmental and legal evidence also points to the need for stronger targeting and accountability. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) concludes that biodiversity loss is accelerating and already undermining ecosystem functions essential to food systems, including pollination, soil fertility, water regulation, pest control and climate regulation. It calls for transformative change through integrated cross-sector governance, realigned economic incentives and stronger monitoring and accountability mechanisms (IPBES, 2019; IPBES, 2026).

⁴ Agroof. (2025). Persistent regulatory barriers: Results of AgroforAdapt surveys. AgroforAdapt. Preliminary survey results. A final summary is expected to be published during a workshop at the EURAF Conference in Neuchâtel, Switzerland. <https://agroforadapt.eu/en/persistent-regulatory-barriers-results-of-agroforadapt-surveys/>

Rouveyrol and Prima (2024) add an important warning on targeting. Their study of agri-environmental schemes in the French Natura 2000 network finds that support was often poorly aligned with ecological pressures and conservation priorities. This suggests that schemes can flow toward lower-pressure, easier areas rather than toward places where public value is highest. For post-2027 CAP governance, this reinforces the need for spatial targeting, robust needs assessments, and indicators that ensure AF support reaches the farms and landscapes where it can deliver the greatest environmental and socio-economic benefits.

3.4 IMPLEMENTATION AND RESULTS-BASED APPROACHES

Cardwell (2023) shows that results-based schemes need clear baselines, credible payment triggers, risk-sharing rules for outcomes affected by drought, disease, or other factors beyond the farmer's control, and legal clarity for tenant farmers. These issues are central for AF because tree-based systems involve long establishment periods, delayed returns, climate and disease risks, and land-use arrangements that may not fit short tenancy contracts or conventional agricultural categories. The financing implications of these design challenges are addressed in more detail in Policy Brief #2 on Finance and Investment Mechanisms for the Agroforestry Transition in Europe.

4. INSTITUTIONAL AND STAKEHOLDERS' PERSPECTIVES

Institutional and stakeholder evidence reinforces the ReForest diagnosis. EURAF highlights the definitional, statistical, and data-governance barriers that keep agroforestry poorly recorded in CAP systems. The European Court of Auditors points to weaknesses in the CAP's ability to translate environmental spending into measurable outcomes. IEEP warns that the post-2027 architecture could weaken environmental visibility and funding if safeguards are not maintained. EPRS adds that the proposed integration of CAP into broader National and Regional Partnership Plans raises questions about accountability, ring-fencing and the common character of EU agricultural policy.

4.1 EURAF

Over the past years, **the European Agroforestry Federation (EURAF)** has produced a series of *Policy Briefings* covering definitions, CAP governance, landscape features, carbon farming, sustainable finance, corporate sustainability reporting, geospatial data systems, and more. These briefings provide an excellent base for understanding why agroforestry remains difficult to implement despite growing policy recognition. Concerning CAP's post 2027 implications, EURAF's *SWOT Analysis and Ten Recommended Actions*⁵ presentation should also be acknowledged as a key access point for its broader diagnosis of barriers and enabling conditions.

⁵ See: LAWSON, G. (2026, March 26). Agroforestry SWOT and Ten Key Actions. Zenodo.
<https://doi.org/10.5281/zenodo.19629924>.

Definitions Alignment and Regulatory Coherence (EURAF Policy Briefings #15, #22)	EURAF highlights inconsistent national definitions and fragmented governance between agriculture and forestry as key barriers to AF uptake. It proposes a harmonised definition based on a minimum 5% tree cover threshold, compatible with LPIS and satellite monitoring. It also calls for integrated rural cadasters linking forest inventories and CAP-LPIS data, drawing on examples such as Spain’s SIGPAC system. Clear alignment between legal land registers and remote sensing is considered essential to avoid misclassification and ensure CAP eligibility.
Agroforestry in the CAP and State Aid (EURAF Policy Briefings #19, #22)	EURAF confirms that AF is eligible under both Pillar I and Pillar II of the CAP 2023–2027, though implementation remains uneven across Member States. Limited uptake of earlier measures points to the need for simpler and more predictable support schemes. Under the revised ABER, restoration of existing AF areas can receive up to 100% cost coverage and extended premium periods. EURAF also notes that nationally financed forestry measures often lack EU-level reporting, reducing transparency.
Carbon Farming and Sustainability (EURAF Policy Briefings #20, #26, #28, #66)	EURAF contributes to MRV discussions under the CRCF, where agroforestry is recognised as a core carbon-farming activity. It proposes an Agroforestry Carbon Farming Management Plan aligned with EU Taxonomy requirements. To reach land-sector neutrality by 2040, it estimates that around 11.2 million hectares of new AF would be required across Europe. Simplified certification and lower transaction costs are seen as critical for small and medium-sized farms.
Broader Policy Alignment and Environmental Co- Benefits (EURAF Policy Briefings #62, #64, #65)	EURAF connects AF to EU objectives on water quality, soil health and corporate sustainability reporting. It highlights AF’s contribution to erosion control, nutrient retention, and improved soil structure. Linking soil testing, LPIS data, and tools such as FaST could support result-based payments. Integration into CSRD metrics and the EU Taxonomy would strengthen AF’s role as a measurable climate and biodiversity solution.

Table 1: EURAF Policy Briefings. Source: Authors’ own elaboration based on desk research.

A recurring finding is that agroforestry is still poorly captured in CAP administrative systems. Member States apply heterogeneous definitions, while tree-based agricultural parcels are inconsistently recorded across LPIS/IACS, forest inventories, cadastral systems, remote sensing, and LULUCF reporting. In Extremadura, for example, only 20.7% of the area classified as “forest” by JRC satellite data was also recognised as forest in Spain’s SIGPAC land-use registry. This weakens CAP monitoring, carbon accounting, biodiversity reporting and sustainable finance readiness, and supports EURAF’s call for integrated land-parcel databases that identify agroforestry as agricultural land with tree cover⁶.

⁶ LAWSON, G. (2023). Agroforestry Definitions in the New CAP (Version 1). Zenodo.
<https://doi.org/10.5281/zenodo.7828435>;

The Commission's own governance paper⁷ already said that the move to a performance-based CAP requires data that can monitor, steer, report and evaluate policy performance, while result indicators measuring direct policy outcomes remain difficult to define. EURAF builds on this concern, finding only 17 out of 948 eco-scheme, agri-environment-climate and investment measures specifically mention agroforestry, and that several agroforestry measures are not consistently coded under the relevant forestry or agroforestry indicators⁸.

Moreover, EURAF also stresses that access to anonymised IACS/GSAA/LPIS data remains uneven across the EU, with only two Member States fully compliant with High Value Datasets requirements, 13 largely compliant and several still fragmented or non-compliant⁹. Without this data infrastructure, agroforestry remains difficult to identify, compare and integrate into CAP monitoring, CRCF carbon certification, LULUCF reporting, biodiversity indicators and sustainable finance frameworks.

4.2 ECA

The **European Court of Auditors (ECA)** provides an accountability-based critique of the current CAP green architecture. Its most recent assessment, Special Report 20/2024¹⁰, concludes that *"the 2023–2027 CAP Strategic Plans are greener than in the previous programming period, but still fall short of EU climate and environmental ambitions"*. The report also finds that the Plans' impact depends on how Member States translate the green architecture into their Strategic Plans, how farmers respond to voluntary schemes, and whether monitoring systems can capture environmental results beyond reported hectares or activities.

This assessment builds on earlier ECA work. Special Report 13/2020¹¹ found that *"the CAP had not halted the decline of biodiversity on farmland"*, while Special Report 16/2021¹² concluded that substantial *"CAP climate spending had not reduced agricultural greenhouse gas emissions"*. These findings question the effectiveness of action-based payments that rely on additional costs and income foregone. Such payments can compensate farmers for prescribed practices, but they do not necessarily ensure measurable delivery of ecosystem services.

4.3 IEEP

⁷ See: European Commission, Directorate-General for Agriculture and Rural Development. (2024). Future of Agriculture Discussion Paper: Governance and Performance, Technical Workshop, 12 April 2024.

⁸ LAWSON, G., DEN HERDER, M., Ronn Anderson, K., KAY, S., MACHINE, A., Palma, J. H., Tomás, A., & Corbacho, J. (2025). Availability and use of IACS geospatial data in the EU (Version v1). Zenodo. <https://doi.org/10.5281/zenodo.15712678>

⁹ European Court of Auditors. (2024). Common Agricultural Policy Plans: Greener, but not matching the EU's ambitions for the climate and the environment (Special Report No. 20/2024). Publications Office of the European Union. <https://doi.org/10.2865/717118>

¹⁰ European Court of Auditors. (2020). *Biodiversity on farmland: CAP contribution has not halted the decline* (Special Report No. 13/2020). Publications Office of the European Union. <https://doi.org/10.2865/336742>

¹¹ European Court of Auditors. (2021). Common Agricultural Policy and climate: Half of EU climate spending but farm emissions are not decreasing (Special Report No. 16/2021). Publications Office of the European Union. https://www.eca.europa.eu/en/publications/SR21_16

Institute for European Environmental Policy (IEEP)'s August 2025 CAP review of the post-2027 CAP and MFF proposals raises concerns about the likely level of environmental and climate ambition under the proposed architecture. Its main concern is that the new structure could reduce both the funding and political visibility given to climate and environmental action within EU agricultural policy. While the Commission presents the reform as more flexible and incentive-based, IEEP argues that this approach depends on sufficient and predictable funding for environmental schemes.

Under the current CAP, eco-schemes and agri-environment-climate measures play a central role in financing sustainable land management. Removing environmental ring-fencing, requiring co-funding for future AECA-type schemes and expanding the list of compulsory interventions could therefore reduce Member States' incentives or capacity to maintain current levels of environmental expenditure.



Figure 3 Structure of how the CAP fits within the National and Regional Partnership Plans. Source: Hart and Baldock, IEEP, The post-2027 CAP and MFF proposals for the EU (2025), based on European Commission draft CAP proposals COM(2025) 560.

Figure 3 illustrates the governance shift behind these concerns. Under the proposed architecture, the CAP would become part of the broader National and Regional Partnership Fund (NRPf), with Member States preparing National and Regional Partnership Plans (NRPPs).

Although several CAP interventions remain ring-fenced, many environmental, investment and risk-management measures would require national co-financing and compete with other policy priorities within the wider NRPf framework. IEEP therefore warns that climate and environmental objectives could become less visible and more vulnerable to national budgetary and political trade-offs, even though the CAP regulation continues to identify areas such as climate adaptation, water resilience, soil health, biodiversity and organic farming as priority areas.

4.4 EPRS

European Parliamentary Research Service (EPRS) material frames the post-2027 CAP reform as a political debate over the future governance of EU agricultural policy. The Commission proposal would integrate CAP delivery into the National and Regional Partnership Fund, with agriculture becoming one chapter within broader National and Regional Partnership Plans. This could improve coordination among agriculture, cohesion, rural development, innovation, water, climate, and territorial investment. However, EPRS also highlights institutional risks. The CAP would no longer operate through the same separate budgetary structure; only some CAP measures would remain ring-fenced, and several interventions would require national co-financing. As shown in Figure 4, many environmental, risk-management, investment and innovation measures would depend partly on Member State budget decisions. This raises concerns about visibility, accountability, parliamentary scrutiny, and the common character of the CAP.

The European Parliament has already taken a position against this direction. Its September 2025 resolution calls for the CAP to remain a distinct EU policy with its own dedicated budget, legal standing and two-pillar structure. Parliament supports simplification, reduced administrative burden, more flexible eco-schemes, stronger support for active farmers and better remuneration for environmental services. It also argues that payment methodologies should move beyond the narrow calculation of “costs incurred and income forgone” when farmers deliver wider public value.

The evidence reviewed in this paper points to a common conclusion. Agroforestry is not held back mainly by a lack of policy recognition, but by the absence of a governance architecture capable of turning policy ambition into implementation. ReForest, EURAF and other institutional perspectives emphasise different parts of the challenge, but all point to the need for clearer responsibilities, stronger coordination and greater consistency across governance levels.

	Proposed intervention	Current CAP pillar	Income support (ring-fenced)	Mandatory for Member States	Minimum national contribution	Additional national financing allowed
(a)	Degressive area-based income support	1st	✓	✓	–	✗
(b)	Coupled income support	1st	✓	✓	–	✗
(c)	Crop-specific payment for cotton	1st	✓	✓ ⁽¹⁾	–	✗
(d)	Payment for natural and other area-specific constraints	2nd	✓	✓	30 % ⁽²⁾	✓
(e)	Support for disadvantages resulting from certain mandatory requirements	2nd	✓	✗	30 % ⁽²⁾	✓
(f)	Agri-environmental and climate actions	1st 2nd	✓	✓	30 % ⁽²⁾	✓
(g)	Payment for small farmers	1st	✓	✓✓ ⁽³⁾	–	✗
(h)	Support for risk management tools	2nd	✓	✓✓ ⁽³⁾	30 % ⁽²⁾	✓
(i)	Support for investments for farmers and forest holders	2nd	✓	✓	30 % ⁽²⁾	✓
(j)	Support for setting-up of young farmers, new farmers, rural business and start-ups and development of small farms	2nd	✓	✓✓ ⁽³⁾	30 % ⁽²⁾	✓
(k)	Support for farm relief services	–	✓	✗	30 % ⁽²⁾	✓
(l)	LEADER	2nd	✗	✓	15/40/60 % ⁽²⁾	✓
(m)	Support for knowledge sharing and innovation in agriculture, forestry and rural areas	2nd	✗	✓	15/40/60 % ⁽²⁾	✓
(n)	Territorial and local cooperation initiatives ⁽⁴⁾	2nd	✗	✗	15/40/60 % ⁽²⁾	✓
(o)	Interventions in outermost regions ⁽⁴⁾	1st	✗	✓ ⁽⁵⁾	15/40/60 % ⁽²⁾	✓
(p)	Interventions in smaller Aegean islands	1st	✗	✗	15/40/60 % ⁽²⁾	✓
(q)	EU school scheme ⁽⁶⁾	1st	✗	✓✓ ⁽³⁾	30 %	✓
(r)	Interventions in certain sectors (CMO measures) ⁽⁶⁾	1st	✓	✗ ⁽⁷⁾	30 % ⁽²⁾	✓

Figure 4 Proposed CAP interventions, ring-fencing requirements and national co-financing obligations under COM(2025)560. Source: European Parliamentary Research Service (EPRS), Regulation on the Common Agricultural Policy for the period 2028 to 2034 (PE 779.241, December 2025), Table 1.

Box 1 proposes a preliminary governance framework as a basis for discussion and further refinement through the ReForest Policy Dialogues.

Box 1. Towards an Agroforestry Governance Framework	
Responsibilities are often divided among agricultural, forestry, environmental, and rural development authorities, resulting in inconsistent definitions, overlapping procedures, and uneven implementation. A more coherent governance framework could help improve policy delivery under the post-2027 CAP.	
European Union Level	The European Commission should establish a common framework for agroforestry implementation through harmonised definitions, guidance on eligibility and monitoring, and greater interoperability among the CAP, CRCF, LULUCF, and sustainable finance frameworks. EU institutions should also ensure that agroforestry is visible within CAP indicators, monitoring systems and reporting requirements.
Member State Level	National authorities should integrate agroforestry more systematically into National and Regional Partnership Plans (NRPPs), CAP interventions, advisory systems and climate strategies. This includes adapting payment schemes, ensuring administrative consistency across ministries and agencies, and providing long-term support for the establishment and management of agroforestry.
Regional Level	Regional authorities should tailor agroforestry support to local environmental, climatic and socio-economic conditions. Responsibilities include spatial planning, landscape-scale implementation, regional advisory services, demonstration farms, and coordination among farmers, research institutions, and local administrations.
Local Level	Local authorities, farmer organisations, cooperatives and advisory services play a key role in implementation. Their responsibilities include farmer engagement, technical support, knowledge exchange, project facilitation and the development of local value chains capable of rewarding agroforestry products and ecosystem services.
A governance framework based on clear responsibilities, coordinated implementation and shared accountability can help move agroforestry from policy recognition to practical delivery under the post-2027 CAP. However, governance reform alone is unlikely to guarantee large-scale adoption. The transition towards agroforestry also depends on how costs, benefits, and risks are distributed among farmers, administrations, value-chain actors, and investors. Understanding these dynamics is essential for identifying potential sources of support and resistance, and for designing policies capable of building durable reform coalitions.	

Table 2. Towards an Agroforestry Governance Framework. Source: Authors' own elaboration.

5. KEY QUESTIONS FOR THE POST-2027 CAP

The findings presented in this paper do not lead to a single policy solution. Instead, they highlight a series of governance, implementation and political economy questions that remain unresolved within the post-2027 CAP debate. The questions below are intended to guide discussion among policymakers, practitioners, researchers and stakeholders. They will be further refined and tested through the ReForest Policy Dialogues, which will help inform the development of the final Policy Briefs and recommendations.

Transition dynamics: who gains, who resists, and why?

Which actors stand to gain or lose from a large-scale transition towards agroforestry, and how can CAP post-2027 be designed to mitigate resistance from groups dependent on input-intensive, monoculture-based models?

- Which stakeholders would benefit most from the large-scale adoption of agroforestry (e.g., smallholders, corporate farms, supply chain actors, policymakers)?
- Which stakeholders are likely to resist, and what are the main sources of opposition (e.g., disruption to business model, risk perception, and regulatory complexity)?
- How can CAP post-2027 be designed to mitigate resistance while maintaining fairness and environmental integrity?
- What mechanisms can ensure the equitable distribution of costs and benefits across farm types and regions?

Making agroforestry attractive for large landowners and corporate farms

Given the profitability, risk-reduction, and compliance advantages, how can performance-based payments, carbon farming schemes, and long-term advanced purchase agreement (APA) contracts be structured to make agroforestry economically attractive for large landowners and corporate monoculture farms??

- While ReForest findings confirm that agroforestry provides tangible ecosystem services, adoption remains limited by perceived complexity and long payback periods. Designing financial instruments that reduce risk and improve cash flow will be critical to engaging large corporate farms.
- How can performance-based payments, carbon farming schemes, and APAs be structured to provide clear financial incentives?
- How can payback periods and long-term investment horizons be addressed to encourage uptake among corporate farms?
- What monitoring, verification, and reporting requirements would make participation attractive without excessive administrative burden?

Reducing administrative transaction costs for professionalised farms

Which institutional bottlenecks, especially those linked to LPIS registration, land-classification rules, and multi-authority approvals identified in D6.2, need to be prioritised to reduce resistance among large professional farms that often avoid practices with high administrative transaction costs?

- ReForest D6.2 shows that the complex classification of land use and fragmented governance disproportionately deter large farms that rely on streamlined and predictable administrative processes.

- Which administrative procedures (e.g., LPIS registration, land classification, multi-authority approvals) create the largest barriers for professional and large-scale farms?
- How can CAP rules be simplified or harmonised to reduce compliance costs while maintaining accountability?
- Could digital tools, advisory services, or governance reforms streamline administrative processes for large-scale operators?

Ensuring an Inclusive Transition Across Farm Types

How should support be structured to ensure that small and medium-sized farms are not priced out by high monitoring and verification costs, or the need for upfront investment, while also ensuring that large farms cannot use agroforestry as a low-ambition compliance label (“greenwashing” risk)?

- How can support mechanisms be designed so that small and medium farms are not excluded due to high monitoring or upfront costs?
- What safeguards are needed to prevent greenwashing of large farms adopting agroforestry only to meet compliance requirements?
- How can CAP post-2027 balance differentiated support across farm sizes while ensuring positive environmental outcomes?

Aligning Private-Sector Incentives with AF Expansion

How can the CAP post-2027, CRCF, and CSRD reporting frameworks be aligned to encourage agribusinesses and large landowners to adopt AF as part of their climate-risk management and sustainability strategies, and to leverage the measurable benefits to soil, carbon, and biodiversity documented in D5.3?

- Corporate agriculture is increasingly operating under ESG and Scope 3 pressures. AF can become an asset for compliance and reporting if governance frameworks recognise and reward certified ecosystem services.
- How can the CAP post-2027, CRCF, and CSRD reporting frameworks be aligned to create incentives that encourage the corporate adoption of agroforestry?
- How can the measurable benefits of agroforestry, such as carbon sequestration, improved soil health, and increased biodiversity, be converted into credible financial or reputational incentives?
- How can the costs of monitoring, verification and reporting be managed to ensure that agroforestry is a viable corporate compliance strategy?

6. APPENDIX 1: REFERENCES AND RELATED DOCUMENTS

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REFOREST

Organisation: Euro-Mediterranean Economists Association (EMEA)



Discussion Policy Paper #2

Market Integration, Value Chains and Demand Pathways for Agroforestry

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1. MOTIVATION/CHALLENGE

Agroforestry (AF) becomes economically viable when farmers are able to capture added value through short and integrated food supply chains. This includes, for example, direct sales, community-supported models, partnerships with local restaurants/supermarkets, and on-farm processing. Its economic potential increases further when income is diversified through tourism and educational activities, energy self-sufficiency, and carbon or nature credit payments. Strong branding, targeted marketing, and access to premium markets are also essential for long-term financial sustainability.

AF adoption is often driven by farmers' environmental awareness and cooperation with researchers, advisory networks, or AF associations. However, sooner or later, farmers are confronted with the harsh market reality. AF products must compete with conventional ones that are cheaper and more widely distributed, and the added value generated along the chain does not always remain with producers, as intermediaries, transaction costs and weak bargaining power can erode farm-level returns.

European sustainable agricultural policies tend to focus on land-based payments, certification requirements, and environmental compliance, while paying less attention to value-chain development, processing capacity, marketing, and market integration.

This policy discussion paper argues that AF is not a “standalone” model. It is a farm development pathway that requires viable market channels, credible demand signals, sustained advisory, practical business planning, and peer-learning capacity to manage diversified systems over time.

This policy discussion paper¹³ examines the market and value-chain conditions required to scale AF within EU policy frameworks. It draws on findings from the ReForest project and complementary external literature to identify the financial, institutional, and methodological constraints that limit the economic uptake of agroforestry, and to clarify the conditions required for AF to function as a viable farm strategy in the post-2027 CAP context.

2. REFOREST EVIDENCE

Findings from ReForest *Deliverable D3.2*, based on qualitative case studies and Living Lab analysis across participating countries, indicate recurring patterns in AF value-chain performance. While not statistically representative of the EU, the assessment still identifies consistent structural constraints and opportunities (Hassler & Schmitt, 2025), which can be illustrated by the following statements:

- “The farms should not be centered around agroforestry; agroforestry should be centered around the farm’s needs.”

¹³ As part of the ReForest Policy Discussion series, it aims to support dialogue with panellists, gather targeted input, and help refine priorities ahead of the final Policy Briefs to be released in June.

- “Agroforestry is not a separate form of agriculture like conventional, integrated, or organic farming; it improves the respective form.”

Across ReForest Living Labs, it is clear how AF viability is correlated to market access and diversification. Farms operating through short food supply chains retain a larger share of added value, as these channels allow producers to price quality, origin, and transparency while reducing intermediary margins.

Economic viability often depends on revenue stacking, meaning that these farmers combine AF production with processing activities such as jam or juice making, agritourism, educational services, renewable energy, or ecosystem service payments. Findings also show how diversification strengthens resilience and spreads risk but increases management demands.

Further evidence from the ReForest milestone *M36 “New AF Value Chain Development”* examined value-chain dynamics at three levels: product, farm, and production system. Workshops explored the development of new AF products, including charcoal; while surveys and case studies analysed value-chain organisation among producers from the Czech, Hungarian, and Bulgarian Living Labs using a Multi-Level Perspective approach. A broader assessment of 26 farms across different production types identified common patterns in value-chain structures and business strategies.

The analysis shows that new AF products often attract strong consumer interest, especially when marketed directly from farms. However, scaling production and entering larger markets remains difficult due to regulatory requirements and supply-chain constraints. Successful farms often rely on distinctive products, strong local identity, and relatively short processing and marketing chains.

The case studies also suggest that public subsidies were not always the main driver of AF adoption. Many producers had already established viable farm businesses before integrating trees into their systems. Cooperation with researchers, agroforestry associations, and peer networks often played an important role in knowledge exchange and innovation. At the same time, AF farms benefit from broader CAP instruments such as direct payments, organic farming schemes, animal welfare payments, and investment support for machinery and infrastructure.

Despite this potential and opportunities, ReForest case studies show how the following structural constraints continue to limit value-chain development:

Delayed returns and establishment risk	Tree-based revenues mature slowly, while upfront costs for planting, protection, and system redesign occur. This temporal mismatch increases financial exposure during the early years of transition.
Labor and skills constraints	AF requires specialised expertise in tree management, harvesting, processing, and marketing. Limited availability of skilled labour restricts expansion and increases operational complexity.

Processing and logistics gaps	Diversified outputs require storage, cooling, packaging, and small-scale processing infrastructure that often exceeds individual farm capacity. Seasonal harvest peaks without adequate storage or processing capacity push producers into lower-margin outlets.
Market access barriers	AF products frequently diverge from mainstream supply chain requirements in terms of volume, standardisation, or aesthetics. This limits integration into conventional distribution channels.
Fragmented support measures	Establishment support, value-chain instruments, ecosystem service payments, and advisory services are often administered separately. This fragmentation increases administrative burden, transaction costs, and coordination challenges.
Underdeveloped ecosystem service markets	Carbon and biodiversity schemes offer additional income opportunities. However, MRV (Monitoring, Reporting, and Verification) complexity, high transaction costs, and limited alignment with CAP instruments and supply chain contracts constrain participation.
Recognition and certification gaps	Although consumer demand for local, transparent, and ethical production is growing, AF remains poorly recognised. Many farms rely on informal storytelling rather than structured certification or labelling systems capable of capturing price premiums.

Table 3: Structural Constraints Limiting Value-Chain Development in ReForest Case Studies. Source: Authors' elaboration.

3. LITERATURE REVIEW / POLICY DEVELOPMENT

The FAO framework on sustainable food value chains highlights competitiveness, environmental integrity, social benefits, and governance as interconnected dimensions that require coordination across actors from production to consumption (FAO, 2014). Value creation, therefore, depends not only on primary production but also on how value chains are organised, governed, and upgraded.

In this context, research on agroforestry adoption shows that farm practices alone do not determine whether systems scale. Consistent with ReForest evidence, literature highlights the importance of institutional arrangements, land tenure, market organisation, consumer demand, and mechanisms that reward ecosystem services.

Land tenure security is crucial for long-term AF investment. Tree-based systems require several years before financial returns appear. The FAO identifies tenure security as a key factor influencing farmers' willingness to plant and manage trees (FAO, 2019). The basic rationale is that when farmers hold secure rights of use and control over land, they are more likely to invest in long-term practices, whereas short-term rental contracts or uncertain land rights tend to discourage these investments. At the same time, empirical work shows that the relationship between tenure security and sustainable land management is context-dependent by local institutions, norms and perceptions, with different dimensions of tenure security (legal, de facto and perceived) shaping investment decisions in distinct ways (Asaaga et al., 2020; Benjamin et al., 2021; Leonhardt et al., 2021).

Beyond tenure conditions, value chain organisation is another important factor shaping agroforestry viability. In AF systems, value often comes from differentiated products, ecosystem services, and closer relationships with consumers. This means that how products and services move through the chain (how they are processed, combined, certified, and marketed) strongly influences whether AF becomes economically viable. Evidence from European sustainability assessments shows that AF systems tend to perform well on environmental and social dimensions, but that financial outcomes depend heavily on coordination among multiple actors in the chain, including processors, retailers, and public institutions (Smith et al., 2022; Allali et al., 2024).

Consumer demand is another important dimension that is often overlooked when discussing market opportunities for AF products. Research on European food systems shows growing interest in products associated with environmental sustainability, transparent production, and local origin (Santeramo et al., 2018). Clear communication of these attributes can influence consumer preferences, but trust in sustainability claims remains critical. Consumers who perceive labels as credible are more likely to purchase environmentally friendly products, whereas scepticism toward certification and concerns about greenwashing can weaken market responses (Wang et al., 2020). Evidence from European markets also points to a “green premium puzzle,” where environmentally friendly products do not always command higher prices and may even face a price penalty.

Studies on alternative food networks and short food supply chains support this view. These networks are typically characterised by local production, few intermediaries, and strong spatial and social proximity, which allows producers to capture a larger share of added value and to reposition themselves as price-makers rather than price-takers (Cleveland et al., 2015; Corsi et al., 2018; Gori and Castellini, 2023; Lankauskienė et al., 2022).

Recent EU policy debates reflect many of these challenges. The *European Commission’s Vision for Agriculture and Food* calls for an agri-food sector that ensures a fair standard of living for farmers by improving their position in the food chain, creating new income opportunities and properly rewarding ecosystem services, while aligning competitiveness with environmental sustainability (European Commission, 2025). These priorities are directly relevant to agroforestry, where the provision of public goods such as carbon sequestration, biodiversity and landscape amenities often exceeds what is remunerated through conventional commodity markets.

Certification and traceability mechanisms play an important role in addressing this gap. Research from DigitAF confirms that agroforestry products rarely compete on prices alone. Certification, branding, and traceability systems are critical for communicating biodiversity enhancement, animal welfare, carbon storage, and rural value creation (DigitAF, 2024a; DigitAF, 2024b). However, certification schemes introduce additional costs and administrative requirements and therefore require careful design to balance credibility with accessibility for small and medium-sized farms.

4. CAP POST-2027 IMPLICATIONS

The ongoing reform of the Common Agricultural Policy (CAP) for the 2028–2034 programming

period provides an opportunity to reconsider how agroforestry (AF) is supported, moving beyond isolated establishment measures.

4.1 RISKS

Proposed greater flexibility for Member States in designing agricultural interventions may influence how supply-chain development and market integration are addressed in national policies. While this flexibility allows investments to reflect national agricultural structures and regional conditions, it may also lead to differences across Member States in how value-chain development and processing capacity are supported. Such variation could affect the conditions under which AF products compete within the EU market.

In addition, integrating agricultural policy into broader National and Regional Partnership Plans (NRPPs) creates a new institutional setting in which agricultural investments compete with other public spending priorities, such as infrastructure, innovation, and regional development. While this could create opportunities to finance supply-chain infrastructure, there is also a risk that agricultural value-chain development receives less targeted attention.

4.2 POLICY OPPORTUNITIES

Aggregation and shared infrastructure are relevant for a value-chain organisation. Promoting cooperative processing facilities, storage hubs, and producer organisations can help farmers manage volumes, organise logistics, and reach buyers. Supporting these kinds of cooperative structures could therefore strengthen agroforestry value chains and improve market access, especially for smaller or diversified farms.

Demand-side mechanisms influence market opportunities for agroforestry products. Public procurement, recognition systems, and certification frameworks shape how environmental attributes are communicated and valued in supply chains. Where environmental performance is recognised in supply contracts, agroforestry products may reach broader markets rather than remaining confined to niche segments.

Ecosystem-service markets represent another emerging dimension of agroforestry value chains. Carbon and biodiversity credit schemes are gradually emerging as complementary market mechanisms that reward environmental performance. With appropriate policy support, these markets could enable AF systems to capture value from the ecosystem services they generate.

Public procurement represents one of the largest untapped opportunities for agroforestry value chains. Schools, hospitals, universities, public canteens, and other publicly funded food services purchase substantial volumes of agricultural products and can help create stable demand for food that supports biodiversity, climate adaptation, local sourcing, and sustainable land management.

Beyond public procurement, new forms of market demand are emerging through sustainability requirements within private supply chains. Companies are increasingly expected to demonstrate environmental performance, supply-chain resilience and progress towards climate and biodiversity objectives. This is reflected in developments such as the Corporate Sustainability Reporting Directive (CSRD), Scope 3 emissions reporting, climate transition plans, and emerging nature-related disclosure frameworks.

These developments may create new incentives for sourcing from production systems capable of delivering measurable environmental outcomes. Agroforestry systems can potentially respond to this demand by providing evidence of carbon sequestration, biodiversity enhancement, water resilience and landscape restoration.

5. KEY QUESTIONS FOR THE POST-2027 CAP

The evidence above shows that agroforestry market integration depends on more than farm-level production. It requires demand creation, aggregation, processing capacity, credible certification and stronger links with public and corporate buyers. The questions below identify the main issues to be tested through the ReForest Policy Dialogues and reflected in the final Policy Briefs.

Building stable market demand and value capture

- How can EU and national policies support AF product integration into value chains and consumer markets while ensuring fair and stable returns for farmers?
- What should an “agroforestry label” certify: practices, thresholds, biodiversity, carbon, social value, and should it be tiered?
- How can certification avoid excluding small/medium farms (audit burden, documentation, MRV cost) while remaining credible for buyers and investors?
- What is the right balance between voluntary storytelling and formal certification in communicating AF value?

Food systems, procurement and future demand

- How can agroforestry contribute to food security, climate resilience and regional bioeconomy strategies beyond the farm level?
 - What role can public procurement in schools, hospitals, universities and public catering play in creating stable demand for agroforestry products?
1. Should public procurement frameworks explicitly recognise biodiversity, ecosystem services and climate adaptation benefits associated with agroforestry systems?
- How can agroforestry producers respond to emerging demand linked to CSRD implementation, Scope 3 emissions accounting and nature-related disclosures?
 - What role should agroforestry labels, biodiversity-positive products and nature-positive value chains play in future market development?
 - Can certification systems remain credible for buyers and investors without creating high costs and administrative burdens for producers?

Reducing transaction costs through aggregation and shared infrastructure

- How can policies support aggregation models (cooperatives, producer organisations, hubs) that reduce transaction costs and help farms reach consistent volumes?
- How can small farms access processing while meeting food safety rules (shared facilities, hubs, mobile processing, micro-volume arrangements)?
- Which business model pathways appear most robust across contexts (direct sales, CSA, farm shops, restaurants, processors, diversified services), and what policy conditions help them scale?

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REFOREST

Organisation: Euro-Mediterranean Economists Association (EMEA)



Discussion Policy Paper #3

Advisory Services as Implementation Infrastructure for Agroforestry Transition

Date: June 2026



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UK Research
and Innovation

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1. MOTIVATION/CHALLENGE

Agroforestry (AF) is fundamentally knowledge-intensive and long-term. Its success depends on good design, careful establishment, and ongoing management. Unlike annual cropping systems, AF integrates trees, crops, and livestock within the same production models that may evolve over 10 to 50 years, and because of this long-time frame, decision making carries lasting consequences for productivity, environmental performance, and farm economics.

Across Europe, advisory systems are rarely structured to support integrated land-use systems such as AF. Services remain organised around conventional sectoral models, with agriculture and forestry treated separately. At the same time, there is significant variability across Member States and regions in terms of availability, prices, entry barriers, digital access, and educational capacity. This uneven landscape affects who can access specialised support and under what conditions.

This gap becomes more critical as the Common Agricultural Policy (CAP) moves toward stronger performance orientation and results-based environmental schemes. Farmers are now expected to design, implement, document, and justify complex environmental interventions. In this context, advisory services are no longer optional add-ons but a core enabling mechanism. Without institutionalised, accessible, and high-quality advisory provision, performance-based payments risk increasing inequality, administrative burden, and implementation failure rather than accelerating regenerative transition.

The policy discussion paper¹⁴ examines the advisory services conditions required to scale AF within EU policy frameworks. It draws on findings from the ReForest project and complementary external literature to identify the financial, institutional, and methodological constraints that limit the economic uptake of agroforestry, and to clarify the conditions required for AF to function as a viable farm strategy in the post-2027 CAP context.

2. REFOREST EVIDENCE

ReForest findings identify advisory capacity as a critical bottleneck for agroforestry uptake. Deliverable D6.3 shows that only 1 out of 16 respondents across four countries considered current access to personalized agroforestry advice to be sufficient (Staton et al., 2025). While not statistically representative of the EU, the assessment still identifies consistent structural constraints and opportunities:

Technical Scope & Economic Planning	Advisory requirements extend beyond planting guidance. ReForest Living Lab participants reported needing structured support in business modelling, labour planning, surplus management, market positioning, and long-term system optimisation.
Risk Assessment	Risk assessment and financial modelling are insufficiently covered. Many farms lack access to advisory services capable of quantifying establishment costs, delayed returns, and income variability. Limited farmer capacity to pay

¹⁴ As part of the ReForest Policy Discussion series, it aims to support dialogue with panellists, gather targeted input, and help refine priorities ahead of the final Policy Briefs to be released in June.

	for specialised advice reinforces the case for strengthened public or hybrid financing models.
Institutional Design	Farmers need guidance that combines agronomy, forestry, livestock management, biodiversity planning, and long-term economic modelling. In most Member States, advisory systems are not organised around such integrated frameworks. Agroforestry often falls between the agricultural and forestry domains, lacking a clear institutional anchor.
Territorial Coverage	Provision is uneven. In some regions, targeted advisory exists, often linked to specific programmes or innovation projects. In many others, access depends on short-term initiatives or private consultants. Smaller and medium-sized farms face particular financial barriers when specialised advice is available only on a fee basis.
Peer Learning	Demonstration farms and Living Labs build trust, reduce uncertainty, and translate abstract policy objectives into practical knowledge. However, these initiatives remain fragmented and project-based. They cannot substitute for stable, institutionalised advisory infrastructure embedded within Agricultural Knowledge and Innovation Systems.

Table 4: Constraints & Opportunities in Agroforestry Advisory Capacity. Source: Author's Elaboration

The evidence presented above suggests that advisory services should not be viewed simply as a support mechanism for individual farmers. As agricultural policy becomes more focused on environmental performance, climate adaptation, biodiversity outcomes and results-based approaches, advisory capacity becomes part of the infrastructure required to deliver these objectives. Successful implementation depends on system design, financial planning, regulatory compliance, monitoring, market development and long-term management decisions.

In this context, advisory services operate as transition infrastructure. They reduce implementation risk, facilitate knowledge transfer, support compliance and improve the effectiveness of public investment. Without sufficient advisory capacity, even well-designed policy instruments may struggle to achieve their intended outcomes.

3. LITERATURE REVIEW / EXTERNAL SOURCES

3.1 SCIENTIFIC STUDIES

Garcia de Jalon et al. (2018) demonstrate that uncertainty regarding labour requirements, establishment costs, and long-term returns significantly discourages tree integration. Trusted and context-specific advice reduces this uncertainty and increases perceived feasibility.

Tranchina et al. (2024) identify an additional institutional layer. Administrative complexity and policy uncertainty under the CAP create hesitation, especially where tree integration affects land classification, payment eligibility, or compliance obligations. In such cases, farmers require advisory support that combines technical system design with regulatory literacy. Without this dual competence, risk perception increases, and investment decisions are delayed.

Mvula and Prager (2025) reach comparable conclusions in their qualitative study of agroforestry adoption in Scotland. They show that adoption is shaped by perceived behavioural control and institutional clarity. Upfront costs, procedural burden, and ambiguous frameworks reduce farmers' willingness to act. Advisory services, therefore, function as risk-reduction infrastructure rather than merely as technical guidance.

3.2 EURAF POLICY BRIEFINGS

The European Agroforestry Federation (EURAF) highlights inconsistencies in agroforestry definitions, eligibility criteria, and implementation rules across Member States (#15, #22). Such fragmentation increases the need for advisory guidance on compliance, scheme navigation, and strategic positioning within CAP instruments.

In the context of carbon farming and the Carbon Removals Certification Framework, EURAF further stresses the requirement for structured management plans, credible monitoring systems, and robust documentation (#20, #26). This implies expanded advisory capacity in environmental accounting and performance verification. As sustainability reporting and value-chain disclosure obligations expand (#62), farm-level data becomes increasingly relevant for corporate compliance, reinforcing the need for reliable documentation and advisory support.

4. CAP POST-2027 IMPLICATIONS

Under CAP Regulation (EU) 2021/2115, Member States are required to ensure the availability of farm advisory services, and the CAP legal framework provides clear entry points for financing advice through national CAP Strategic Plans. Advisory provision is embedded within the Agricultural Knowledge and Innovation Systems (AKIS) approach, which also covers training, knowledge exchange, and innovation support.

In practice, however, advisory is not automatically free or universally funded. Financing models vary across Member States and commonly rely on partial subsidies, co-financing arrangements, or project-based delivery. Agroforestry-specific advisory is rarely ring-fenced and often depends on national prioritisation, resulting in uneven coverage and limited continuity.

The post-2027 CAP debate may significantly change the role of advisory services. As agricultural policy becomes more focused on environmental performance, climate adaptation and measurable outcomes, advisory services are likely to move beyond a complementary support function and become part of the implementation infrastructure required to deliver these objectives.

If environmental payments become more outcome-based, advisory services will be essential for helping farmers design systems, meet performance thresholds, navigate regulatory requirements and avoid non-compliance. If eco-schemes and agri-environment-climate measures evolve towards more integrated environmental interventions, advisory services will need to support multi-year transition pathways rather than isolated actions. Likewise, if agroforestry is increasingly recognised as a structural land-use transition, advisory services could be bundled with establishment support,

investment measures, and risk-management instruments to reduce implementation risks and improve the effectiveness of public expenditure.

These developments also raise broader questions regarding the future role of Agricultural Knowledge and Innovation Systems (AKIS). Existing advisory structures were largely developed around specialised agricultural sectors and often lack the interdisciplinary expertise required for integrated land-use systems such as agroforestry. Future advisory models may need to combine agronomy, forestry, livestock management, biodiversity assessment, carbon accounting, financial planning, digital tools and value-chain development within a more integrated framework. This raises important questions regarding advisor training, accreditation, quality assurance and whether Europe should move towards more formal agroforestry advisory competencies or standards.

The transition also has important workforce implications. Scaling agroforestry depends on the availability of professionals capable of supporting planning, implementation, monitoring and long-term management. Future demand is likely to extend beyond traditional farm advisors to include carbon accountants, biodiversity assessors, ecosystem-service specialists, geospatial analysts and sustainability professionals.

Digitalisation adds a further dimension to this challenge. Remote sensing, digital monitoring tools, farm-management platforms and environmental reporting systems can improve access to information and reduce transaction costs, but they do not replace advisory services. Instead, they increase the need for professionals capable of interpreting data, supporting decision-making and helping farmers navigate increasingly complex environmental and reporting requirements. This issue is explored further in the ***Discussion Policy Paper #6*** on Digitalisation and Decentralised Tools.

These developments also raise questions regarding the most appropriate delivery model. Advisory services may be financed through public systems, private providers, producer organisations, cooperatives or hybrid arrangements that combine public support with private-sector contributions. The challenge is to ensure broad accessibility while maintaining quality, continuity and accountability.

Agroforestry generates public environmental benefits but involves high information costs, implementation complexity and long investment horizons. Individual farmers often cannot finance specialised advisory services independently. This constitutes a market failure. Public co-financing or hybrid delivery models are therefore economically justified as investments in the knowledge infrastructure required to deliver long-term environmental and rural-development objectives.

5. KEY QUESTIONS FOR THE POST-2027 CAP

If advisory services are essential for delivering performance-based environmental policy, should they remain partially subsidised and fragmented, or be recognised as structural delivery infrastructure?

What level of public co-financing is justified when advisory directly enables measurable climate and biodiversity outcomes?

How should agroforestry advisory be organised institutionally?

Should it be embedded within national advisory systems, accredited through EU-level standards, or delivered through hybrid public–private models?

What competency framework would be required, including system design, financial planning, biodiversity literacy, carbon accounting, and value-chain expertise?

How can advisory services move from short-term, project-based interventions to stable, institutionalised provision?

Should performance-based contracts or lifecycle-based advisory models be explored, particularly for long-term systems such as agroforestry?

As environmental schemes become more outcome-oriented, how can advisory support be formally linked to scheme design, monitoring requirements, and transition payments?

Should advisory be bundled with establishment grants or risk management instruments to reduce system failure?

Finally, how can advisory services remain accessible to small and medium farms while maintaining quality and accountability standards?

What hybrid funding arrangements could combine public support, supply-chain contributions, and results-based incentives without increasing administrative burden?

6. APPENDIX 1: REFERENCES AND RELATED DOCUMENTS

ID	Reference or Related Document	Source or Link/Location
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REFOREST

Organisation: Euro-Mediterranean Economists Association (EMEA)



Discussion Policy Paper #4

Economic Performance, Valuation and the Business Case for Agroforestry

Date: June 2026



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1. MOTIVATION/CHALLENGE

Agroforestry (AF) combines crops and trees in production systems that generate both market outputs and ecological functions. It can deliver fruit, timber, biomass, and annual crops while improving soil structure, nutrient cycling, water retention, and carbon storage. These overlooked ecosystem services (ES) are not merely side benefits but core factors that influence input costs, yield stability, and long-term productivity. As such, they should be explicitly reflected in farm business planning and financial assessment.

In practice, farm performance is still largely measured by annual output and short-term financial indicators. Economic comparisons often focus on gross margins and marketable production, while many ecosystem services regulating functions remain outside conventional market transactions and farm accounts. When regulating ecosystem services — such as soil fertility improvement, water regulation, erosion control, and microclimate regulation — are not accounted for, AF appears less competitive than it may be over the full life cycle of the system. The result is a systematic undervaluation of agroforestry. Existing markets, accounting frameworks, and policy instruments continue to reward short-term production more effectively than resilience, natural capital accumulation, and long-term system performance.

There is also a time/maturity challenge. Establishing AF requires capital, labour, and management changes. In the early years, farmers face higher costs and limited additional revenue, which affects cash flow and risk perception. Without policy mechanisms that address this transition phase, adoption decisions will still be driven by economies of scale and short-term financial pressure rather than by long-term and holistic economic performance.

This policy discussion paper¹⁵ examines how AF economic performance and ecosystem service valuation can be better integrated into EU policy frameworks. It draws on findings from the ReForest project and complementary external literature to identify financial, institutional, and methodological constraints that limit the economic uptake of AF, and to clarify the conditions required for AF to function as a viable farm strategy in the post-2027 CAP context.

2. ReFOREST EVIDENCE

Deliverable 3.1 from UCPH provides a quantification and valuation analysis of ES from AF systems compared to monoculture fields across Living Labs. The report shows that AF can improve overall farm revenues relative to monoculture and explains this through two main mechanisms. First, it shows that tree belts make more efficient use of available resources and broaden the range of harvestable products without necessarily creating a crop yield gap. Second, it explores how the presence of trees improves soil properties, thereby enhancing fertility and reducing the need for external

¹⁵ As part of the ReForest Policy Discussion series, this paper aims to support dialogue with panellists, gather targeted input, and help refine priorities for the final Policy Briefs to be released in June.

inputs. Results further suggest that the value of regulating ecosystem services may be more than three times higher than that of marketable provisioning services¹⁶.

Beyond average revenue effects, the report argues that higher levels of diversification increase both product revenues and the capacity to reduce input costs. It notes that diversified production structures can compensate for price fluctuations in individual products and buffer risks associated with extreme weather events. Improved soil conditions are identified as a key factor in reducing yield loss under climate stress, reinforcing the role of AF as a risk-management strategy.

At the same time, the study highlights that economic outcomes also depend on system maturity. Young trees generate limited marketable ES, and the positive effects of AF strengthen over time as ecological functions develop. As a result, many of the most significant benefits of AF take the form of valuable but non-marketed ecosystem services that are not reflected in market prices. This temporal and valuation gap underscores the importance of policy support, including subsidy schemes, to help farmers overcome establishment costs and income foregone during the transition period.

It is also important to note that Deliverable 3.1 focuses primarily on benefit valuation and does not dedicate to considering negative externalities (e.g. pollution, soil degradation, biodiversity loss, pressures on water resources, and broader socio-cultural impacts such as landscape aesthetics, cultural heritage, traditional land-use practices, and recreational values). The report acknowledges that higher labour requirements, investment costs, knowledge requirements, and the lack of tailored machinery can act as barriers to adoption. These cost-side elements require further analysis and are expected to be addressed in upcoming Deliverable 3.3. A complete economic assessment must therefore consider both the quantified ecosystem service benefits and the structural costs associated with system conversion.

3. LITERATURE REVIEW / EXTERNAL SOURCES

The literature reviewed in D5.3 confirms that conclusions about agroforestry's economic performance depend strongly on the valuation framework applied. Studies that rely on comparisons of annual crop yields tend to show limited or mixed financial benefits. Studies that extend the time horizon and integrate non-market ecosystem services reach different conclusions.

Alcon et al. (2024) analyse diversified farming systems across European pedoclimatic regions using short-term gross margin analysis and medium- to long-term cost-benefit approaches. When environmental and socio-cultural benefits are monetised and added to market returns, most diversification scenarios outperform their monocrop reference systems in both short-term margins and medium- to long-term economic benefits. This shows that the choice of time horizon and the valuation of non-market ecosystem services are decisive for assessing the overall economic performance of diversified farming.

¹⁶ As part of the ReForest Policy Discussion series, this paper aims to support dialogue with panellists, gather targeted input, and help refine priorities for the final Policy Briefs to be released in June.

Kay et al. (2019) assess agroforestry at European scale and quantify its carbon sequestration potential. While the study focuses primarily on mitigation effects, its economic relevance lies in demonstrating that agroforestry generates measurable regulating services with potential monetary value. The capacity to reduce cumulative environmental pressures while contributing to climate objectives provides an empirical basis for linking land-use decisions with carbon accounting frameworks.

The *AGFORWARD* research programme adds comparative evidence on agroforestry systems across Europe, showing that AF can enhance regulating ecosystem services, while effects on yields and farm income are more variable and context-dependent. Performance is strongly influenced by site characteristics, system design, management practices, and market access, which supports the view that economic outcomes are not uniform and that profitability hinges on locally adapted configurations.

Thiesmeier and Zander (2023), through a scoping review of temperate agroforestry systems, conclude that AF often performs economically between conventional agriculture and forestry when assessed with conventional financial indicators. In many cases, AF shows lower private financial returns than annual cropping but higher returns than pure forestry, with outcomes highly sensitive to product prices, discount rates, and the presence of policy support or payments for ecosystem services. These findings reinforce that measured economic performance depends on which components are valued, which ES are included, and whether diversification and risk reduction are reflected in the assessment framework.

4. CAP POST-2027 IMPLICATIONS

The proposed CAP for 2028–2034 gives Member States more flexibility in how they design and allocate support. This may help adapt measures to local conditions, but it also increases differences in how economic performance is assessed and rewarded. Similar agroforestry systems could receive very different levels of support depending on national choices.

For AF, the key issue is how ecosystem services are valued in practice. If environmental payments shift toward incentive-based schemes rather than strict cost compensation, payment levels must be linked to clear, measurable outcomes. Without transparent criteria, support risks reflect political priorities more than system performance.

Changes in income support also affect incentives. Member States have room to adjust payment levels within defined limits. This influences baseline income conditions and can either strengthen or weaken the economic case for long-term systems such as agroforestry. Where environmental incentives are modest compared to area-based payments, transition signals remain weak. Where incentives reflect measurable benefits, diversified systems are better recognised.

The new planning structure also means that agricultural measures compete more directly with other national priorities. In this context, AF must demonstrate its economic contribution in practical terms: income stability, input savings, and reduced exposure to climate risks.

Many resilience benefits generated by agroforestry are expressed through avoided costs rather than additional revenues. Improved water retention, reduced soil erosion, lower exposure to droughts and floods, and greater production stability during climate shocks can generate significant economic value. However, these benefits rarely appear in farm accounts, market prices or payment systems because they reflect losses that did not occur rather than revenues that were directly earned.

As climate risks intensify across Europe, improving the assessment of avoided losses may become increasingly important for both public policy and private investment decisions. Recent developments in sustainable finance and corporate reporting may also influence how agroforestry value is assessed. Frameworks such as the EU Taxonomy, the Corporate Sustainability Reporting Directive (CSRD), and nature-related disclosure approaches are increasing attention on natural capital, environmental dependencies and ecosystem impacts. These developments may create new opportunities to recognise forms of value that have traditionally remained outside conventional farm accounting and investment appraisal, including soil health, biodiversity, water regulation, carbon storage and climate resilience.

All that said, three gaps remain central:

- **Quantified ecosystem services are not yet consistently translated into payment levels.**

Many studies and pilot projects now generate robust estimates of carbon sequestration, erosion control, nutrient retention, and biodiversity benefits in AF systems, but these values rarely feed directly into CAP payment calculations. Payment levels are still mostly based on “costs incurred and income foregone” at regional averages rather than on the marginal value of services delivered, which weakens the link between performance and reward. In other words, two farms delivering similar ecosystem benefits can receive very different support, and high-performing agroforestry systems may be paid as if they were only meeting minimum practice requirements.

- **Higher Labour, investment, and machinery costs need to be fully reflected in support design.**

AF establishment involves significant upfront planting costs, additional labour for management, possible loss of short-term cropping area, and often the need for adapted or more complex machinery fleets. Current CAP instruments only partially address these structural costs, typically through generic investment support or area-based payments that do not reflect system complexity. Where payments are calibrated mainly on average income foregone, they may undercompensate farms that take on higher transition risks or management burdens, making AF less attractive than simpler practices that better fit existing machinery and labour organisation.

- **Resilience benefits (such as reduced vulnerability to drought or price shocks) are rarely captured in standard performance indicators.**

Diversified AF systems can stabilise yields over time, reduce dependence on volatile input and output markets, and lower exposure to extreme weather events, yet these effects are not systematically measured or rewarded. In the absence of such resilience metrics, policy comparisons favour systems with high short-term returns and visible output and understate the economic value of AF as a risk-management and climate-adaptation strategy.

The post-2027 framework offers tools that could address these gaps, including transition payments and more flexible environmental actions. Their impact will depend on whether valuation methods are clear, consistent, and linked to measurable results over time.

5. KEY QUESTIONS FOR THE POST-2027 CAP

How can ecosystem service valuation be translated into payment design in a way that is transparent, proportionate, and operational?

Field-based assessments show that regulating services such as soil fertility, water retention, and carbon sequestration have measurable economic effects at farm level. What criteria should determine how these measurable effects influence payment levels, and how can this be done without creating disproportionate monitoring costs?

How should cost structures be integrated into valuation frameworks? Agroforestry adoption involves labour adjustments, planting investments, machinery adaptation, and management changes. Are current support instruments sufficiently aligned with these structural costs, or do they rely too heavily on benefit-side estimates?

How can resilience be reflected in performance assessment? Diversified systems reduce exposure to price volatility and climate risks, yet most indicators remain centred on annual output. What proxies could capture income stability, input efficiency, and risk reduction in measurable economic terms?

What degree of methodological consistency is needed across Member States? Greater flexibility allows adaptation to local conditions, but it may also lead to uneven economic recognition of similar systems. Should common valuation principles be defined to ensure comparability while preserving national discretion?

How can natural capital accounting frameworks, including the EU Taxonomy, CSRD and nature-related disclosure approaches, help recognise agroforestry value beyond conventional farm accounts?

How can avoided losses, such as reduced drought impacts, erosion costs, flood exposure and yield volatility, be incorporated into economic assessment?

Should resilience be treated as an economic output in its own right, rather than only as an indirect co-benefit?

How should transition support address the timing gap between upfront investment and delayed returns? Agroforestry generates increasing value over time, while establishment costs are immediate. What mechanisms can bridge this gap without distorting long-term incentives?

6. APPENDIX 1: REFERENCES AND RELATED DOCUMENTS

ID	Reference or Related Document	Source or Link/Location
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3	García-Rubio, V., et al. (2024). Valuing multifunctional agroforestry systems: Beyond traditional market-based assessments	
4	Hagemann, N., et al. (2025). Result-based agri-environmental schemes in Europe: Design features, uptake challenges, and transferability.	
5	Haile, K. K., Tirivayi, N., Tesfaye, W., & Nyikal, R. A. (2019). Farmers' willingness to accept payments for climate-smart agroforestry practices: Evidence from a discrete choice experiment in Ethiopia. <i>Ecological Economics</i> , 166, 106403.	10.1016/j.ecoser.2019.100964
6	Kay, S., et al. (2019). Agroforestry creates carbon sinks whilst enhancing the environment in agricultural landscapes in Europe. <i>Land Use Policy</i> , 83, 581–593.	https://doi.org/10.1016/j.landusepol.2019.02.025
7	Sebastian Mayr, Benno Pokorny, Fernando-Esteban Montero-de-Oliveira & Sabine Reinecke (15 Apr 2025): Scaling agroforestry through payments for ecosystem services: a scoping review	https://doi.org/10.1080/14693062.2025.2490205
8	Tavernier, J., et al. (2024). Stakeholder perceptions of economic incentives for agroforestry in Flanders.	https://doi.org/10.1007/s10457-024-00996-7
9	Thiesmeier, L., & Zander, P. (2023). Economic performance of temperate agroforestry systems in Europe and North America: A scoping review. <i>Agroforestry Systems</i> , 97, 1–20.	https://doi.org/10.1016/j.forpol.2023.102939
10	Torralba, M., Fagerholm, N., Burgess, P. J., Moreno, G., & Plieninger, T. (2016). Do European agroforestry systems enhance biodiversity and ecosystem services? A meta-analysis. <i>Agriculture, Ecosystems & Environment</i> , 230, 150–161.	https://doi.org/10.1016/j.agee.2016.06.002



REFOREST

Organisation: Euro-Mediterranean Economists Association (EMEA)



Discussion Policy Paper #5

Building the Investment Case for Agroforestry

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UK Research
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1. MOTIVATION/CHALLENGE

Europe's food systems are under pressure. They must keep supplying affordable food while also cutting emissions and helping to slow down biodiversity loss. Global temperatures have already risen by about 1.1°C above pre-industrial levels, and further warming toward 1.5°C is expected to increase the risk of ecosystem collapse (IPCC, 2023). In this context, agroforestry (AF) has attracted attention as a practical nature-based option that combines food production with carbon storage, soil restoration, biodiversity habitat and water regulation. Yet AF still occupies only around 15.4 million hectares, or 8.8% of the EU's utilised agricultural area (den Herder et al., 2017)

Finance plays a central role on this puzzle. Setting up AF systems demands high upfront spending on trees, land preparation and changes in farm management, while most tree-based revenues arrive only after several years. Conventional finance tends to work on the opposite rhythm. Credit products, risk assessments and current subsidies are usually designed around short production cycles and stable annual yields, not around multi-decade tree rotations and diversified output streams. This mismatch makes AF harder to fund and more likely to be seen as risky.

There is also a valuation gap. Many of AF's environmental benefits accrue at the landscape or societal level rather than directly on the farm balance sheet. Carbon sequestration, erosion control, flood protection or habitat provision often show up only weakly, if at all, in market prices. This reflects a classic market failure in which positive externalities remain insufficiently internalised in production decisions, reinforcing the need for policy frameworks and financing mechanisms capable of recognising and rewarding these broader societal benefits.

This policy discussion paper¹⁷ examines how financing and incentive mechanisms can improve the economic viability of agroforestry systems. It draws on findings from the ReForest project and complementary external literature to identify financial and institutional constraints that limit the economic uptake of agroforestry and to clarify the conditions required for AF to function as a viable farm strategy within the evolving CAP policy context.

2. REFOREST EVIDENCE

Evidence from ReForest project highlights persistent financial barriers affecting AF adoption across Europe. Insights are derived from the development of the **ReForest Sustainable Financing Scheme** (Deliverable D5.4) and its empirical application through farm-level modelling and survey data collected across several European countries (Hajdukovic, 2025; Zibecchi, 2025a).

Survey results from the ReForest Living Labs indicate that existing financing mechanisms remain insufficient to support AF adoption. On average, only 29% of respondents reported having access to funding sufficient to cover and maintain agroforestry activities. Engagement with private-sector actors is also limited, with only 39% of surveyed farms reporting partnerships with

¹⁷ As part of the ReForest Policy Discussion series, this paper aims to support dialogue with panellists, gather targeted input, and help refine priorities for the final Policy Briefs to be released in June.

banks, agri-food companies, or impact investors. Advisory support is somewhat more widespread but still incomplete, with 58% of respondents reporting access to some form of advisory services (Zibecchi, 2025a).

ReForest data identifies structural barriers affecting financial decision-making. Farmers report difficulties covering establishment costs, managing delayed revenue streams, and navigating subsidy frameworks that remain poorly adapted to mixed tree–crop systems. Regulatory uncertainty and administrative complexity can increase perceived investment risk, discouraging long-term commitments to AF.

Deliverable D5.4 proposes a hybrid sustainable financing scheme designed to align financial support with the biological and economic cycles of agroforestry systems (Hajdukovic, 2025). The scheme was developed through a multi-step research process combining policy analysis, farm-level surveys and interviews, Living Lab consultations, and stakeholder workshops. This work also included a mapping of public and private funding sources to identify how different financial instruments could better support agroforestry investments. The scheme can be summarised by the following pillars:

1. Ex-ante payments supporting planning and establishment costs;
2. Action-based payments provided during the transition phase as farmers implement agroforestry practices;
3. Results-based payments linked to verified environmental outcomes;
4. Advisory services supporting system design, implementation, and financial planning.

Deliverable D5.5 stress tests the application of this scheme through surveys and qualitative interviews with farmers across ReForest Living Labs (Zibecchi, 2025a). Their feedback confirms the previously identified structural barriers, including high establishment costs, delayed revenues from tree components, and policy frameworks that remain poorly aligned with mixed tree–crop systems. Farmers also emphasised that administrative complexity and regulatory uncertainty make long-term investment decisions difficult, reinforcing the need for financing models that better reflect the phased development of AF systems.

Farmers generally welcomed the proposed scheme and considered its combination of financial instruments and advisory support relevant to their needs. However, respondents pointed that effective implementation will also require simpler funding procedures, accessible advisory services, and practical MRV systems.

Deliverable D5.3 support this analysis by identifying complementary financing mechanisms capable of supporting agroforestry investment (Zibecchi, 2025b). The report highlights a range of financial and market-based instruments that could help address investment risks and improve access to capital for agroforestry systems.

These include:

- blended finance structures combining public funding with private capital
- concessional credit lines
- guarantees and insurance instruments

- ecosystem service markets such as carbon and biodiversity credits
- supply-chain partnerships with agri-food companies
- impact investment funds and crowdfunding platforms
- digital tools supporting project planning and monitoring

ReForest evidence should be interpreted with caution. The survey data are based on responses from 38 farms across five countries, providing useful qualitative initial insights but are very far from representing the full diversity of AF systems and financing conditions across Europe. The responses also reflect farmers' self-reported experiences regarding financing constraints and institutional barriers.

Further analytical work is currently being conducted through a collaboration between EMEA and the Institute for Food and Resource Economics (INRES) at the University of Bonn. Using a Decision Analysis modelling framework, this research evaluates the financial performance of AF systems under different policy and financing scenarios, including projections of cumulative cash flows, break-even points, and net present value trajectories. Preliminary modelling compares business-as-usual farming systems with systems supported by the ReForest financing scheme, allowing a more systematic assessment of its potential economic impacts.

3. LITERATURE REVIEW / EXTERNAL SOURCES

The Millennium Ecosystem Assessment shows that agriculture depends on regulating, supporting and cultural ecosystem services that are not captured in market prices. Production systems that degrade these services can appear more profitable in the short term than diversified systems that maintain them, even if the latter are more productive and resilient over time (MEA, 2005).

This bias is reflected in the wider literature on sustainable land management. Nature-based solutions contribute simultaneously to climate mitigation, adaptation, biodiversity conservation and ecosystem restoration, but current investment flows remain far below what would be required to realise this potential. Estimates suggest that annual spending on nature-based solutions must at least triple by 2030 to meet climate, biodiversity and land-degradation targets (Climate Policy Initiative, 2021).

One explanation lies in the investment profile of these systems. Projects that restore ecosystems or enhance carbon stocks typically involve long time horizons, uncertain and delayed revenue streams, and complex risk profiles, which sit poorly with standard banking products and risk models. Financial institutions often lack the technical capacity and data needed to assess projects that combine ecological and productive functions, which restricts access to credit for regenerative farming (European Investment Bank, 2023).

Recent work treats blended finance as a way to unlock private and “patient” capital for climate and nature projects that are socially desirable but commercially marginal. Public or philanthropic contributions take on specific risks or costs that markets struggle to bear, for example, through guarantees that cover part of the credit risk, concessional loans that lower financing costs, or technical

assistance that reduces project preparation barriers (European Investment Bank, 2023; Climate Policy Initiative, 2021; Brandon et al., 2025). These structures extend repayment horizons, lower the cost of capital and relax collateral constraints, so that projects with slower or more uncertain cash flows can fit within standard risk–return metrics.

Agroforestry can also be viewed as an investment opportunity rather than solely as an environmental intervention. Diversified production systems combine multiple revenue streams, including agricultural products, timber, biomass, ecosystem-service payments and emerging carbon and biodiversity markets. They may also reduce exposure to climate risks, input-price volatility and production shocks, improving long-term resilience and creating value beyond annual farm income.

Of course, risk-management instruments also play a complementary role. Climate variability, extreme events and price swings make income from regenerative practices volatile and can deter both farmers and lenders. Parametric insurance products and revenue-stabilisation schemes help buffer these shocks, preserve farmers' repayment capacity and signal creditworthiness (World Resources Institute, 2022; Climate Policy Initiative, 2024).

Ecosystem service markets are a further, rapidly evolving element of the financing landscape. Carbon and biodiversity credit schemes aim to turn improvements in carbon stocks and habitat quality into tradable units, offering a potential revenue stream for land-use systems that restore ecosystems.

Agroforestry is well suited to this logic because it can deliver saleable farm products while also yielding measurable gains in soil and biomass carbon and biodiversity indicators. Governance remains a central concern. Evidence from voluntary markets points to inconsistent baselines and accounting rules, high monitoring and verification costs, and weak safeguards in some schemes, which together undermine trust and limit farmer participation (IPBES, 2026).

EU policy has begun to respond. Regulation (EU) 2024/3012 establishes a Carbon Removal Certification Framework (CRCF) as a voluntary system for certifying high-quality carbon removals, including carbon farming in agriculture and forestry. It lays down common criteria for quantification, additionality, long-term storage and sustainability, together with harmonised monitoring, reporting and verification and an EU registry. By improving transparency and credibility, the CRCF may help strengthen confidence in environmental markets and support greater participation by farmers, investors and corporate actors.

Beyond carbon markets, emerging nature-credit approaches are seeking to reward measurable improvements in biodiversity, ecosystem condition and ecosystem restoration outcomes. While these markets remain at an early stage of development, they are attracting growing interest from companies seeking to address nature-related risks, disclosure requirements and sustainability commitments. Agroforestry may be particularly well positioned to participate in such schemes due to its ability to generate multiple environmental benefits simultaneously. However, important questions regarding measurement methodologies, market governance, additionality, permanence and benefit-sharing remain unresolved.

4. CAP POST-2027 IMPLICATIONS

The reform of the Common Agricultural Policy for 2028–2034 opens a window to rethink how agroforestry is treated in EU farm policy. The Commission’s proposal combines a simplified, degressive area-based income support with a stronger focus on incentive payments for environmental and climate action and on “transition” support for farm restructuring.

For agroforestry, the key question is how CAP instruments can move beyond compensating additional costs or income foregone and start recognising tree-based systems as long-term investments. Establishment requires substantial upfront spending, while ecological and economic returns accrue over decades. Existing measures provide limited, time-bound establishment support and do not resolve this temporal mismatch, and ReForest evidence shows that financing constraints in the early years remain one of the most frequently cited barriers to adoption.

Interactions with private-sector frameworks are likely to become more important over the next programming period. Corporate sustainability reporting, carbon farming initiatives and the new Carbon Removal Certification Framework can increase demand for verifiable environmental performance in supply chains. Well-designed CAP interventions could help farmers access these emerging markets, for instance, by funding monitoring, data collection and advisory services for agroforestry projects.

Blended finance and risk-sharing tools add another layer. Guarantees, concessional loans, transition payments, and insurance schemes could be combined with grants to address high establishment costs, delayed revenues, and collateral constraints that currently limit agroforestry investment. If poorly designed, however, short contract durations, complex procedures and fragmented instruments risk favouring short-term, easily measurable actions over long-term landscape transformations and may deter smaller farms.

A wider financing architecture may also be required. Public CAP funding can play an important role in reducing early-stage risks, but long-term scaling is likely to depend on cooperation among public institutions, development banks, commercial lenders, impact investors, and private-sector actors. Instruments such as guarantees, concessional lending, green bonds and blended-finance facilities can help bridge the gap between public objectives and private investment requirements by improving risk-return profiles and extending investment horizons.

Recognising agroforestry explicitly as a long-term agricultural investment model, rather than only as an environmental measure, would help align income support, investment aid and carbon farming initiatives. This would allow the CAP to address establishment risk, reward durable ecosystem services and support coherent multi-annual financing pathways for tree-based farming systems.

5. KEY QUESTIONS FOR THE POST-2027 CAP

The following questions aim to stimulate discussion among policymakers, financial institutions, researchers, and practitioners:

- How can “patient” public and philanthropic capital, guarantees and concessional loans be structured so that agroforestry projects meet standard bankability criteria (NPV, collateral, debt-service coverage) across different farm types?
 - Which combinations of grants, transition payments, blended finance instruments and carbon or nature-credit revenues most effectively shorten the break-even period of agroforestry systems without creating dependency on temporary subsidies?
 - What insurance and risk-sharing products are realistically scalable for agroforestry (for example, establishment-failure cover, index-based drought or storm insurance, income-stabilisation schemes), and how can data and modelling improve insurers’ ability to price these risks?
 - How can public CAP funding be aligned with emerging private-sector frameworks such as the CRCF and Corporate Sustainability Reporting Directive (CSRD) to reward verified environmental performance from agroforestry systems?
 - Which CAP financial mechanisms proposed for the 2028–2034 programming period are most effective in reducing investment risks during the establishment phase of agroforestry systems?
1. Under what conditions can agroforestry become an investable asset class for institutional and private investors?
 - What role should development banks, guarantees and blended-finance facilities play in mobilising private capital for agroforestry?
 - Can emerging carbon and nature-credit markets provide reliable long-term revenue streams for farmers?
 - How should public and private finance be combined across different stages of agroforestry development?

6. APPENDIX 1: REFERENCES AND RELATED DOCUMENTS

ID	Reference or Related Document	Source or Link/Location
1	Climate Policy Initiative. (2021). The state of finance for nature: Tripling investments in nature-based solutions by 2030. Climate Policy Initiative.	https://digitallibrary.un.org/record/3999920?v=pdf

2	den Herder, M., Moreno, G., Mosquera-Losada, M. R., Palma, J. H. N., Sidiropoulou, A., Santiago Freijanes, J. J., Crous-Duran, J., Paulo, J. A., Tomé, M., Pantera, A., Papanastasis, V., Mantzanas, K., Pachana, P., Papadopoulos, A., & Burgess, P. J. (2017). Current extent and stratification of agroforestry in the European Union. <i>Agriculture, Ecosystems & Environment</i> , 241, 121–132.	https://doi.org/10.1016/j.agee.2017.03.005
3	European Investment Bank. (2023). EIB Group sustainability report 2023. European Investment Bank.	https://www.eib.org/en/publications/20230334-eib-group-sustainability-report-2023
4	Hajdukovic, I. (2025). Agroforestry Sustainable Financing Scheme (Deliverable D5.4). Horizon Europe Project REFOREST (Grant Agreement No. 101060635).	https://agroreforest.eu/wp-content/uploads/dlm_uploads/2025/12/ReForest-D5.4-AF-Sustainable-financing-scheme.pdf
5	Intergovernmental Panel on Climate Change (IPCC). (2023). Climate change 2023: Synthesis report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. IPCC.	https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf
6	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). (2026). Summary for policymakers of the methodological assessment report on the impact and dependence of business on biodiversity and nature's contributions to people. IPBES.	https://www.ipbes.net/business-impact
7	Millennium Ecosystem Assessment, 2005. Ecosystems and Human Well-being: Synthesis. Island Press, Washington, DC.	https://www.millenniumassessment.org/documents/document.356.aspx.pdf
8	Brandon, C., Aggarwal, A., Kratzer, B., Carter, R., Laxton, V., & Ross, K. (2025). From bonds to blended finance: How a diverse range of financial instruments are financing climate adaptation and resilience. Working Paper. World Resources Institute.	https://doi.org/10.46830/wriwp.25.00061
9	Zibecchi, T. (2025a). Application of the Agroforestry Sustainable Financing Scheme (Deliverable D5.5). Horizon Europe Project REFOREST (Grant Agreement No. 101060635).	https://agroreforest.eu/wp-content/uploads/dlm_uploads/2025/12/ReForest-D5.5-Report-of-AF-Financing-Model-Application.pdf
10	Zibecchi, T. (2025b). Mapping Report on Agroforestry Sector Finance and Policy III (Deliverable D5.3). Horizon Europe Project REFOREST (Grant Agreement No. 101060635).	https://agroreforest.eu/wp-content/uploads/dlm_uploads/2025/12/ReForest-D5.3-Mapping-Report-on-AF-sector-finance-and-policy-3.pdf



REFOREST

Organisation: Euro-Mediterranean Economists Association (EMEA)



Discussion Policy Paper #6

Digital Infrastructure, Data Governance and Decentralised Innovation for Agroforestry

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UK Research
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1. MOTIVATION / CHALLENGE

The evolution of European agricultural governance toward performance-based delivery is reshaping the role of digital infrastructure in farming systems. As the Common Agricultural Policy (CAP) moves toward measurable outcomes and as the Carbon Removals Certification Framework (CRCF) introduces monitoring, reporting, and verification (MRV) requirements, eligibility for public support and market recognition depend on credible, standardised, and interoperable farm-level data.

Digital infrastructure is therefore becoming a prerequisite for performance-based agricultural governance. The question is no longer whether digital systems should be used, but how they should be governed, financed and implemented in ways that remain transparent, equitable and accessible.

Agroforestry (AF) represents a specific challenge to performance-based delivery. AF systems combine trees, crops and livestock across long time horizons, generating outputs beyond conventional production metrics. Ecosystem services (such as carbon sequestration, biodiversity enhancement, soil functions, and risk buffering) are embedded within these regenerative systems but are not captured by existing administrative and valuation frameworks, creating a mismatch between public value creation and reward mechanisms.

Digital tools are often presented as an MRV solution to this mismatch, yet their uptake remains uneven. Skills gaps, concerns over data ownership, cost barriers, and distrust of opaque modelling approaches persist as systemic constraints. At the same time, the absence of shared data standards risks reinforcing fragmentation rather than improving coherence across schemes and certification systems.

This policy discussion paper¹⁸ examines how digital and decentralised innovation tools can be better integrated into EU policy frameworks. It draws on ReForest evidence and external research to assess the institutional, technical, and governance conditions required for digital systems to support agroforestry under a performance-based CAP post-2027 framework.

2. REFOREST EVIDENCE

Alongside the REFOREST engagement platform, four digital tools (see table below) have been developed within the REFOREST Agroforestry Toolbox.

2.1 REFOREST DIGITAL TOOLS

¹⁸ As part of the ReForest Policy Discussion series, this paper aims to support dialogue with panellists, gather targeted input, and help refine priorities for the final Policy Briefs to be released in June.

Dynamic management tool (University of Bonn – Germany)	This tool, based on a decision-analysis approach, supports farm decision-making by addressing the question: “What is the best agroforestry option given the current state of knowledge?”. It combines local and expert knowledge in a conceptual and probabilistic graphical model that links an input-output approach, while considering uncertainties around each of these components.
FarmTree (FarmTree B.V. – Netherlands)	The underlying mission of the FarmTree model and tool is to make AF investable. It does so by quantifying these systems’ outcomes. The model incorporates site information (species, plot location, management practices), a climate, soil and terrain model, and a species database. Its outputs are 10-50 year projections for AF indicators, including yields, cash flows, labour, and carbon.
Carbon and biodiversity prediction tool (Organic Research Centre – UK)	These tools help understand the impact of AF on soil carbon and plant diversity, although they have broader applications. They are based on neural network modelling applied to remote sensing imagery and are trained with large European datasets on soil carbon and plant species. In ReForest, the carbon tool was demonstrated on three AF farms in Europe, showing credible results. The apps can work on single coordinates or on batches of coordinates to create heat maps for fields or farms.
Public Goods Tool (University of Reading – UK)	The Public Goods Tool can be used to conduct a whole-farm sustainability assessment. It has been used for over 15 years, and the ReForest version is adapted specifically for AF systems. Across a range of environmental dimensions, entering data to a set of provided questions generates a score, visualised on a radar diagram to highlight the lowest-performing areas and therefore the priorities for improvement.

Table 5: Digital Toolbox. Source: Author’s Elaboration

2.2 REFOREST TOOLBOX

The Toolbox aims to support the decision-making of AF adopters by directing them to information relevant to their stage of thinking and specific questions. Within each of the sections (digital tools, case studies, knowledge hub resources), the material is presented within the lenses of:

- exploring the basics of agroforestry (before committing to implementation);
- financial considerations (the importance of identifying market opportunities and an outline of what needs to be considered in a cost-benefit analysis;
- environmental considerations (the farm level and wider environmental benefits of AF);
- practical considerations in relation to matters such as tree species choice, planting design, sourcing tree stock and capital items, establishment and management methods, and how these affect the overall economic potential.

2.3 LESSONS LEARNED

Providing immediate access to tools does not automatically translate into effective use.

In practice, expert support and training are often required. For example, FarmTree is most useful when accompanied by guidance, and the Public Goods Tool works best when a researcher or advisor enters data jointly with the farmer.

Some of the tools lend themselves better to use by consultants and advisors than by farmers and land managers as end-users.

This finding is corroborated by evidence from elsewhere. Many farmers lack the skills needed to engage effectively with emerging tools, especially smallholders and older demographics¹⁹. Conversely, digital agriculture is viewed as a mechanism for attracting younger generations back to rural areas²⁰.

Concerns over data privacy and ownership can also hamper data sharing.

More fundamentally, there can be a lack of trust in the reliability of tool outputs, especially when they are perceived as “black boxes” that convert input data into results without explaining intermediate steps. As one farmer remarked, “a fool with a tool is still a fool”; another questioned models with many variables and subjective assumptions that generate visually attractive graphs but may not be trustworthy.

Cost is another barrier. Tool development is expensive and often requires recovery through subscription models or paid services, which can deter uptake, particularly where expected benefits are uncertain or not recognised by support schemes.

EVIDENCE FROM THE REFOREST TRAINING AND UPSKILLING FARMERS WORKING GROUP

ReForest’s Training & Upskilling Farmers Working Group was set up to exchange insights from Living Labs across Europe and share practical experience on what makes AF training truly effective. The group is coordinated by ORC/ORC(ADAS) and has over 40 members. Alongside exchanges within the working group area on the stakeholder platform, the group has also held online meetings. Among the learnings from these exchanges, the group has highlighted the importance of:

- Farmer-to-farmer learning creates an open and practical environment where participants can compare approaches.
- Agroforestry learning is most effective when it is grounded in practical stories and lived experience.
- Training needs to be tailored to different audiences: advisors benefit from understanding the full range of AF options and system designs, while farmers tend to benefit most from training

¹⁹ Digitalising the EU agricultural sector. (n.d.). European Commission. Retrieved from <https://digital-strategy.ec.europa.eu/en/policies/digitalisation-agriculture>

Tur Cardona, T., Ciaian, P., Antonioli, F., Fellman, T., Rocciola, F., Ierardi, I., Crimeni, R., & Anastasiou, E. (2025). The state of digitalisation in EU agriculture. Publications Office of the European Union.

Smart Skills literature review: <https://smartskillsproject.eu/literature-review-en/>

²⁰ Ronzhin, A. et al (2025) Digital Transformation and Precision Farming as Catalysts of Rural Development. *Land* [10.3390/land14071464](https://doi.org/10.3390/land14071464)

that is local, practical, and closely aligned with their regional context.

EVIDENCE FROM TWO REFOREST WEBINARS

In a webinar about the *REFOREST* project on 28 October 2024, organised by Pasture for Life for the AFN Network+ (Agroforestry for Net Zero) winter webinar series, participants were asked to rank six forms of agroforestry advice and guidance by their effectiveness at different stages of the agroforestry journey. 17 respondents participated in the Menti survey. Five of them were farmers, but all – whether advisors, researchers, policy experts, or other stakeholders – were asked to put themselves in the farmers’ shoes.

The six advice/guidance options were:

- Farm walk-and-talk
- Visit of an advisor to their farm
- Living Lab or other networking activity
- Agroforestry handbook
- Tree species guide
- Digital tools, such as FarmTree and the Public Goods Tool.

For assessing how AF fits into their whole farm approach, and for understanding the practicalities of establishing and managing agroforestry, a farm walk-and-talk was the option considered most effective (ranked first or second by 70-85% of respondents). For designing a bespoke agroforestry system for their farm, the tree species guide came out top (65%, with the farm walk-and-talk a close second, most effective). For monitoring the performance of the agroforestry system, digital tools were by far the most effective option (85%).

In a ReForest webinar on *Digital Innovation for Scaling Agroforestry* on 18 February 2026, participants were asked: “What is currently the biggest challenge(s) you face when working with agroforestry?”. Among 22 respondents, over 50% indicated a lack of clear or comparable data; 50% highlighted uncertainty about costs, revenues, and long-term returns; 45% pointed to difficulties in measuring carbon, biodiversity, or public-goods outcomes; and 45% mentioned challenges in translating complex information into practical decisions.

3. LITERATURE REVIEW / EXTERNAL SOURCES

In a review of decision support tools (DST) for farmers in the UK published in 2016²¹, 395 tools were identified, of which 374 were digital (apps, software, Excel files, online). A survey of 45 farmers revealed 49% used some kind of DST to inform decisions, with modes of delivery being software (28%), paper-based (22%) and apps (10%). DST usage among advisors was significantly higher. The main factors in their usage were performance expectancy, ease of use, peer recommendation, trust, cost, habit, relevance to the user, and farmer-adviser compatibility.

²¹ Ronzhin, A. et al (2025) Digital Transformation and Precision Farming as Catalysts of Rural Development. *Land* [10.3390/land14071464](https://doi.org/10.3390/land14071464)

A study undertaken under the DigitAF²² The project explored the challenges in adopting agroforestry in Europe²³. A multi-stakeholder questionnaire was conducted across seven European countries to understand perceptions and needs for implementing agroforestry. Respondents used data and digital tools for various purposes in farming systems and were interested in their potential to improve agroforestry, including animal, tree, and crop performance, management guidance, system design, and tree species selection. Results revealed high perceived usefulness of digital tools but low awareness of existing ones, emphasising the need for accessible, user-friendly solutions and better promotion.

Key obstacles to agroforestry adoption included high initial investments, administrative burdens, concerns about reduced CAP support, and limited understanding of CAP support, requiring policy improvements and targeted support (including the use of tools).

Recent developments in artificial intelligence are adding a new dimension to digital agriculture. AI-enabled advisory systems, predictive analytics, digital twins, and generative AI tools are increasingly being explored to support farm planning, species selection, climate risk assessment, environmental monitoring, and decision-making. While these technologies may reduce information barriers and improve access to technical knowledge, they also raise questions regarding transparency, accountability, algorithmic bias and the concentration of data and analytical capacity among a limited number of technology providers.

A recently launched report by IPES-Food²⁴ warns of the dangers of digital innovations in agriculture being driven and controlled by Big Ag corporations rather than farming community stakeholders (at whose level REFOREST has been working within Living Labs). The report advocates strengthening public policy for responsible and just innovation, channelling research and funding towards sustainable, bottom-up initiatives, breaking up the power of Big Tech and Big Ag, and changing the narrative on innovation. “Innovation must empower farmers and serve justice, sustainability, and sovereignty – not deep dependency”. That is why REFOREST has focused on decentralised tools whose development has been informed by Living Lab co-design.

EURAF’s policy briefings underline these governance dimensions. In the context of CRCF implementation, EURAF stresses the need for workable monitoring approaches for agricultural soils and agroforestry (#20, #26). It also highlights the importance of linking carbon-farming parcels to LPIS systems to ensure traceability and consistency across Member States. In addition, EURAF points to inconsistencies in definitions and monitoring frameworks that complicate cross-country comparability (#15, #22).

²² In the DigitAF study, stakeholders (n=92) used digital tools for decision support (75%), research (37%), and training (23%). The data is also used in a wide range of thematic areas, including policy or subsidies (57%), tree and crop species selection (47%), economy or market (46%), and soil and nutrients (41%). Digital models are mostly used in technical or managerial aspects (40%). The preferred platforms for digital tools for agroforestry were tablets (33%), smartphones (59%), and laptops (75%).

²³ Tranchina, M. et al (2024) Exploring agroforestry limiting factors and digitalization perspectives: insights from a European multi-actor appraisal. *Agroforestry Systems* 98:2499-2515. <https://doi.org/10.1007/s10457-024-01047-x>

²⁴ IPES-Food. 2026. *Head in the cloud: challenging the false promise of digital agriculture and cultivating innovation from the ground up*.

These analyses converge on a common point: digital tools are not neutral instruments. Their effectiveness depends on standards, interoperability, advisory mediation, and clarity of regulatory frameworks. As performance-based governance expands, the challenge is less about tool availability and more about institutional coherence.

4. CAP POST-2027 IMPLICATIONS

The debate on CAP post-2027 points toward a stronger emphasis on measurable environmental performance. As policy discussions move toward clearer stewardship baselines and more outcome-oriented incentive structures, verification of results will become central.

In this context, digital monitoring and decision support systems gain importance. Where payments depend on demonstrated carbon, biodiversity or soil outcomes, farm-level documentation requirements increase. This raises questions about data standards, interoperability, and the consistency of verification across Member States.

The expansion of digital governance also raises important questions regarding data ownership, interoperability, transparency and sovereignty. Farmers are asked to generate data for public support schemes, certification systems, and sustainability reporting, yet the responsibilities and rights over that data often remain unclear. As digital systems become more central to agricultural governance, clear frameworks will be needed to ensure that data can be shared across platforms while protecting farmer interests and maintaining trust.

The expansion of performance-based schemes also carries institutional risks. Complex or fragmented monitoring requirements may disproportionately affect smaller farms. Unclear rules on data ownership, privacy and algorithm transparency may undermine trust and participation.

CRCF implementation reinforces these pressures. Parcel-level traceability, registry-based accounting, and sustainability compliance increase demand for structured, auditable data.

This strengthens the role of digital systems but also exposes gaps in coordination among CAP delivery mechanisms, carbon certification frameworks, and national reporting structures.

Emerging technologies such as distributed ledgers and decentralised verification systems are also being explored as mechanisms to improve traceability, transparency, and trust in environmental markets, although practical applications remain at an early stage of development.

The core challenge is institutional alignment. As agricultural governance becomes more data-intensive, the priority is not only tool development but the establishment of coherent standards, defined responsibilities and accountability mechanisms that prevent fragmentation and unequal access.

Digitalisation under CAP post 2027 will shape participation in performance-based schemes, the distribution of compliance costs and the overall transaction burden across farm types.

5. KEY QUESTIONS FOR THE POST-2027 CAP

- Whilst a large majority of EU farmers now use at least one IT or software tool, uptake of more advanced digital technologies remains lower among smaller farms and those with limited connectivity or digital skills. What can be done to make the advantages of digital agriculture more accessible and equitable across all parts of the farming community?
 - How can the tools be best applied to generate the data needed for EU policy formulation and to report on EU policy delivery and progress towards targets? With the wide choice of tools now available (some developed for specific countries and sub-regions), how can we improve comparability of the data that are generated and report confidently on targets from local to European scales?
 - What standards should guide the use of digital systems for Monitoring, Reporting, and Verification? How can MRV frameworks increase credibility and investor confidence without generating excessive certification costs or administrative burden?
2. How might digital traceability systems and decentralised finance mechanisms reshape agroforestry value chains? Under what conditions can verified environmental data strengthen market access without transferring disproportionate compliance costs to producers?
- Finally, what role should advisory systems play in mediating digital adoption? If digital tools are most effective when embedded in facilitated or advisory settings, how should AKIS structures evolve to ensure usability, trust, and accountability?
 - Who should own and control environmental data generated through public support schemes and certification systems?
 - Should the EU promote digital public goods and open standards to reduce dependence on proprietary agricultural platforms?
 - How can AI-enabled advisory systems be integrated into AKIS while maintaining transparency, accountability and farmer trust?
 - What role could decentralised verification technologies play in reducing the costs of MRV and environmental certification?

6. APPENDIX 1: REFERENCES AND RELATED DOCUMENTS

ID	Reference or Related Document	Source or Link/Location
1	DigitAF. (2024). Multi-stakeholder assessment of digital tools for agroforestry adoption across Europe. Agroforestry Systems.	
2	Digitalising the EU agricultural sector. (n.d.). European Commission.	https://digital-strategy.ec.europa.eu/en/policies/digitalisation-agriculture

3	IPES-Food. (2026). Head in the cloud: Challenging the false promise of digital agriculture and cultivating innovation from the ground up. International Panel of Experts on Sustainable Food Systems.	https://ipes-food.org/wp-content/uploads/2026/02/HeadInTheCloud.pdf
4	Ronzhin, A., et al. (2025). Digital transformation and precision farming as catalysts of rural development. Land.	https://doi.org/10.3390/land14071464
5	Rose, D., et al. (2016). Decision support tools for agriculture: Towards effective design and delivery. Agricultural Systems, 149, 165 174.	https://doi.org/10.1016/j.agsy.2016.09.009
6	Tranchina, M., et al. (2024). Exploring agroforestry limiting factors and digitalization perspectives: Insights from a European multi-actor appraisal. Agroforestry Systems, 98, 2499 2515.	https://doi.org/10.1007/s10457-024-01047-x
7	Tur Cardona, T., Ciaian, P., Antonioli, F., Fellman, T., Rocciola, F., Ierardi, I., Crimeni, R., & Anastasiou, E. (2025). The state of digitalisation in EU agriculture. Publications Office of the European Union.	https://publications.jrc.ec.europa.eu/repository/handle/JRC141259



REFOREST

Organisation: Euro-Mediterranean Economists Association (EMEA)



Policy Brief #1

Regulation and Governance for Scaling Agroforestry in Europe

Understanding the Implementation Gap and Post-2027 CAP Implications

Date: June 2026



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EXECUTIVE SUMMARY

This policy brief examines what is needed for agroforestry to move from formal eligibility to practical implementation under the post-2027 CAP. Agroforestry is already recognised in EU policy, but it remains weakly embedded in the systems that determine whether farmers can access support, administrations can monitor uptake, and public and private actors can recognise its value.

The central issue is that agroforestry remains “eligible but invisible”. It is allowed in principle, but still difficult to identify, programme, fund, monitor and reward in practice. This reflects persistent gaps in definitions, land classification, CAP eligibility rules, advisory capacity, monitoring systems and coordination between agricultural, forestry and environmental authorities. As a result, farmers face uncertainty, administrations lack comparable data, and agroforestry remains difficult to integrate into results-based policy delivery.

For policymakers, the challenge is how to make agroforestry operational within CAP delivery systems. Agroforestry needs to be visible within administrative and monitoring frameworks, supported through stable and predictable funding, and connected to the advisory, financial and market structures that shape implementation decisions. This requires a shift from scattered eligibility provisions towards a clearer implementation framework that can work across different farm types, regions and governance levels.

The post-2027 CAP offers a strategic opportunity to address these barriers. Agri-Environmental and Climate Actions, investment support, AKIS, advisory services, digital tools, CAP data governance and alignment with the CRCF can all support agroforestry expansion. Their impact will depend on whether Member State flexibility is balanced with common EU safeguards, clear eligibility rules, protected transition funding and proportionate monitoring requirements.

The recommendations in this brief focus on closing the gap between policy ambition and implementation. They aim to improve administrative visibility, reduce barriers to adoption, strengthen implementation capacity, and create the conditions under which agroforestry can contribute more effectively to climate, biodiversity, resilience, and rural development objectives.

KEY TAKEAWAY

Agroforestry will scale only if the post-2027 CAP moves from formal recognition to operational delivery: clear definitions, stable support, workable monitoring, advisory capacity, fair access rules, targeted funding and stronger links with sustainable finance and value chains.

SUMMARY TABLE OF MAIN POLICY RECOMMENDATIONS

No.	Policy recommendation	Core action	Expected contribution
1	Make agroforestry measurable in CAP systems	Create harmonised and interoperable agroforestry classifications within LPIS/IACS, CAP monitoring, LULUCF, CRCF and biodiversity reporting systems.	Improves visibility, eligibility, monitoring, climate reporting and evidence-based policy evaluation.
2	Simplify and stabilise agroforestry support under CAP	Provide predictable multiannual support for establishment, maintenance, restoration and transition costs, including early-stage support for years 0–5.	Reduces upfront investment risk, improves farmer cash flow and supports wider adoption.
3	Make MRV workable for farmers	Develop proportionate, tiered and interoperable MRV systems for carbon, biodiversity and ecosystem-service outcomes.	Lowers transaction costs, improves access to result-based payments and avoids excluding smaller farms.
4	Strengthen advisory services, AKIS capacity and digital decision-support	Embed agroforestry advisory services and trusted digital tools within AKIS, EIP-AGRI Operational Groups and Living Labs.	Improves technical support, reduces implementation risk and links innovation with farm-level decisions.
5	Align agroforestry with sustainable finance and corporate reporting	Link agroforestry indicators to CRCF, CSRD, EU Taxonomy, Scope 3 strategies and result-based payment frameworks.	Creates pathways for private co-finance, ecosystem-service revenues and value-chain investment.
6	Address land-tenure, tree-ownership and eligibility barriers	Clarify tenure, tree ownership, land classification and CAP payment rules for tenants, smallholders and mixed land-use farms.	Reduces legal uncertainty, improves access to support and enables long-term agroforestry investment.
7	Develop spatial targeting and landscape-scale approaches	Use spatial data, needs assessments and priority-area targeting to direct agroforestry support where public value is highest.	Increases environmental return per euro of CAP expenditure and improves landscape-level impact.
8	Leverage cooperatives and collective models	Support cooperatives, producer organisations and local partnerships to aggregate projects, share services and access markets and certification.	Reduces transaction costs, strengthens smallholder participation and builds local value chains.

Table.A1 Summary Table of Main Policy Recommendations. Source: Authors' own elaboration.

1. INTRODUCTION

Agroforestry (AF) is widely recognised as a strategic land-management system and nature-based solution for advancing core EU agri-food, climate and biodiversity objectives, such as *the European Green Deal, the EU Biodiversity Strategy for 2030, and the Farm to Fork Strategy*. Through its multifunctional co-benefits and ecosystem services, agroforestry supports climate change adaptation and mitigation, ecosystem restoration, rural development, and farm-level resilience. However, despite its strong policy relevance and socio-economic potential, it has yet to be successfully implemented at scale. In fact, under the Common Agricultural Policy (CAP) support, AF uptake has historically fallen short of expectations. Only 10.4% of the agroforestry area originally planned under CAP support was established during 2007–2013 (2.9 kha of 28 kha), falling further to 5.6% during 2014–2022 (5 kha of 89 kha), despite agroforestry being programmed in 36 Rural Development Programmes across eight Member States²⁵.

This persistent implementation gap suggests that the challenge is no longer whether agroforestry is recognised in policy, but whether it is effectively integrated into the administrative, financial, advisory and monitoring systems that shape implementation. In many cases, agroforestry is formally eligible but remains institutionally invisible, as it is insufficiently captured in administrative systems, weakly reflected in CAP indicators, unevenly supported across Member States, and poorly integrated into advisory, finance, and monitoring frameworks. This “*eligible but invisible*” puzzle is the central concern of this policy brief.

Evidence from ReForest, supported by wider European research and stakeholder consultations, shows that agroforestry adoption is constrained by a combination of regulatory, economic, technical and institutional barriers. Surveys with agroforestry practitioners, Living Lab consultations and follow-up interviews identified subsidy misalignment, fragmented regulatory support, limited access to suitable finance, land-tenure constraints, income instability, market-access barriers, insurance gaps, weak advisory services and costly or complex monitoring, reporting and verification (MRV) systems as key obstacles to adoption (Hajdukovic, 2025; Zibecchi, 2025). Similar findings have been reported across Europe, where management complexity, regulatory uncertainty, limited technical knowledge, labour requirements, establishment costs and delayed returns continue to restrict uptake. Evidence from EURAF, ECA, IEEP and EPRS further highlights weaknesses in definitions, monitoring frameworks and implementation capacity that limit effective delivery across Member States (Zibecchi et al., 2026).

Addressing these hurdles matters for the next Common Agricultural Policy cycle. The proposed CAP architecture for 2028–2034 is expected to play a central role in strengthening the resilience, competitiveness, and sustainability of EU agriculture in the face of climate change, environmental degradation, and geopolitical uncertainty. The European Commission’s 2025 proposal commits to maintaining a robust budget while modernising CAP delivery through National and Regional

²⁵ For CAP 2007–2013, see Lawson et al. (2016), Options for Agroforestry in the CAP 2014–20, which reports weak implementation of Measure 222, including limited RDP activation and very low uptake:

https://euraf.isa.utl.pt/files/pub/docs/policyupdates_1_lawson.pdf

For CAP 2014–2020, see Szedlak/DG AGRI (2017), EU Forest Strategy and forestry measures in rural development programmes for 2014–2020, which reports that Measure 8.2 was programmed in 36 RDPs across eight Member States, covering 84,000 ha and €130 million in planned public expenditure.

Partnership Plans (NRPP), with a focus on strategic planning, synergies across funding streams, and results-based implementation.

For agroforestry, the post-2027 CAP reform and the implementation of the Carbon Removals and Carbon Farming Certification Framework (CRCF) create a unique window to move agroforestry beyond formal eligibility and reduce its dependence on baseline unstable subsidy support. The proposed NRPP architecture, along with new agri-environmental and climate actions (AECAs), transition support, investment aid, advisory services, and digital tools, could help connect currently fragmented policy instruments and create conditions for blended public-private financing models. Yet flexibility by itself will not solve the problem. Without clear definitions and eligibility rules, stable funding, workable MRV, advisory capacity and common EU safeguards, agroforestry may remain allowed in principle but poorly planned, funded, monitored and rewarded in practice.

This policy brief argues that scaling agroforestry requires moving beyond formal eligibility towards a genuine implementation framework. Agroforestry must become visible and measurable within CAP governance and monitoring systems, while support rules must become simpler, more stable and easier for farmers to navigate. Implementation also depends on advisory services, workable MRV systems and digital tools that reduce administrative burden rather than add complexity. At the same time, agroforestry must become more investable by linking public support with sustainable finance, corporate reporting, results-based payments and stronger value-chain coordination. Achieving this will require a balanced approach that combines Member State flexibility with clear EU-level safeguards, common monitoring requirements, ring-fenced transition funding, and support for cooperatives, collective models and farmers facing land-tenure or market-access barriers.

BOX 1. Why Now? A Strategic Window for Agroforestry

European agriculture is entering a period of major policy and economic transition. The forthcoming CAP 2028–2034, the implementation of the Carbon Removal Certification Framework (CRCF), growing climate adaptation and water resilience priorities, and increasing sustainability requirements for agri-food value chains are creating new incentives for multifunctional land-use systems. This creates a unique window for agroforestry. Beyond its environmental benefits, agroforestry can strengthen farm resilience, support climate adaptation, improve water retention, diversify farm income, and contribute to Europe's competitiveness and long-term food security.

Failure to act carries growing economic and strategic risks for Europe. Climate change is already reducing agricultural resilience through more frequent droughts, heatwaves, floods and water scarcity, while scientific assessments from the IPCC and IPBES indicate that these pressures are likely to intensify over the coming decades. At the same time, farmers face increasing exposure to volatile commodity prices, rising input costs, supply chain disruptions, and environmental degradation. These trends threaten food security, water security, rural livelihoods and the long-term competitiveness of European agriculture.

Without greater investment in resilient production systems, adaptation costs are likely to rise, farm profitability may decline, and Europe could become more vulnerable to external market shocks and resource dependencies. Agroforestry should therefore be viewed not only as an environmental practice, but as a strategic investment in Europe's resilience and rural prosperity.

2. UNDERSTANDING THE IMPLEMENTATION GAP

The limited uptake of agroforestry across Europe cannot be explained solely by a lack of policy recognition. Agroforestry is already aligned with EU objectives on climate mitigation and adaptation, biodiversity, water resilience and rural development. It is also increasingly relevant to the post-2027 CAP, the CRCF, and the wider sustainable finance agenda. The problem is that this recognition has not yet been translated into delivery systems that make agroforestry easy to programme, finance, monitor and implement.

The implementation gap begins with the way agroforestry sits between policy categories. It combines agricultural production, trees, ecosystem services, and long-term land management, but CAP administration, land classification, forestry rules, payment systems, and monitoring tools are often organised into separate categories. As shown in the Discussion Policy Paper #1, this creates uncertainty over definitions, parcel eligibility, tree ownership, land classification, monitoring rules and institutional responsibilities²⁶.

Farmers may hesitate to plant trees if they are unsure whether land will remain eligible for CAP payments, whether future income can compensate early costs, whether advisory support will be available, or whether monitoring requirements will be manageable. Public administrations also face difficulties when agroforestry is not clearly recorded in LPIS/IACS, CAP indicators, LULUCF reporting or biodiversity monitoring systems.

The result is a delivery gap rather than a simple funding gap. Support may exist on paper, yet adoption remains limited when farmers face uncertainty about eligibility, long-term support, compliance requirements, and expected returns. At the same time, public authorities struggle to monitor uptake, compare performance across regions and demonstrate outcomes – and these challenges are closely connected. Weak administrative visibility makes agroforestry harder to support, monitor and finance, while limited advisory capacity and complex verification requirements increase costs and perceived risks for both farmers and investors.

This is why agroforestry can be described as “eligible but invisible”. It is recognised in principle, but remains weakly embedded in the systems that shape real implementation decisions. Closing the implementation gap under the post-2027 CAP, therefore, requires more than adding agroforestry to policy texts. It requires clear definitions, stable support, workable monitoring, advisory capacity, data interoperability and stronger links with finance and value chains. In practical terms, agroforestry must become visible enough to administer, simple enough to access, credible enough to finance and measurable enough to reward.

3. POST-2027 CAP REFORM CONTEXT

The post-2027 CAP reform is central to the discussion above. It will determine whether agroforestry remains dispersed across several policy instruments or becomes a clearly defined, fundable, and monitorable pathway for climate resilience, biodiversity restoration, and sustainable farm investment across Member States. The European Commission’s proposal for the CAP 2028–2034 is part of the wider reform of the post-2027 Multiannual Financial Framework.

The main institutional change is that the CAP would be integrated into the new National and Regional Partnership Fund, with agriculture included as one chapter of the National and Regional Partnership Plans (NRPP). This would replace the current CAP Strategic Plans and formally end the traditional two-pillar structure, while maintaining a ring-fenced budget for selected income-support interventions.

The accompanying factsheet *“CAP post-2027: fostering farm sustainability”* outlines the proposed green architecture. Under this framework, current conditionality would be replaced by Farm Stewardship, while eco-schemes and agri-environment-climate commitments would be merged into Agri-Environmental and Climate Actions (AECAs). These actions would remain voluntary for farmers and would support both the maintenance of existing beneficial practices and the transition towards more resilient and sustainable production systems (see Figure 1).

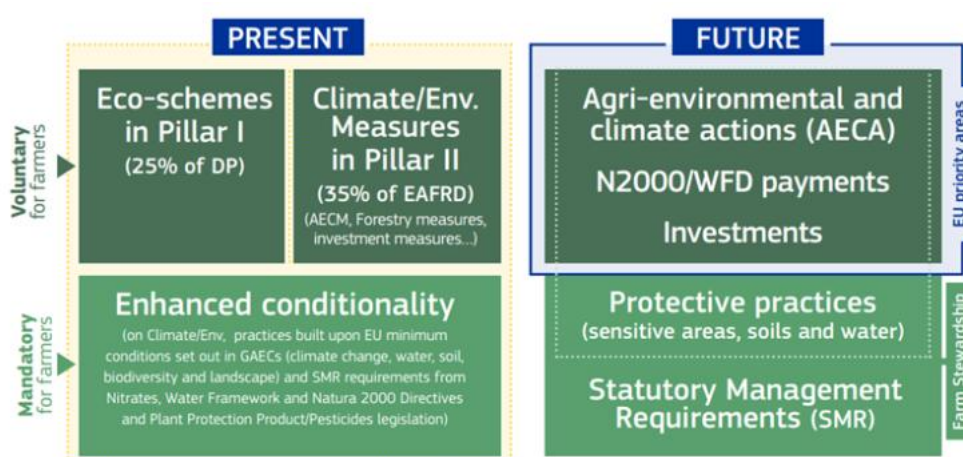


Figure1: Evolution of the CAP Green Architecture from 2023–2027 to the proposed 2028–2034 framework. Source: European Commission, CAP post-2027: Fostering farm sustainability (2025a).

DG AGRI’s *“Best practices for agri-environmental and climate actions within the CAP post-2027”* explains why this shift matters for agroforestry. The document describes how AECAs are intended to combine current eco-schemes and agri-environment-climate commitments, support both the maintenance of beneficial practices and the transition towards more resilient farming systems and allow payments to shift from compensating for costs and income foregone to rewarding ecosystem services. It also stresses attractive payments, multiannual commitments, territorial targeting, advisory capacity, result-based schemes, digital tools, and clear monitoring rules. This fits well with agroforestry, as these systems require long-term planning, upfront establishment and management costs, spatial targeting, and measurable ecosystem-service outcomes rather than short-term annual compliance.

EC’s budget factsheet *“For a resilient, competitive and sustainable EU agriculture”* shows how the proposed framework would be financed. The proposal secures EUR 293.7 billion for CAP income

support and EUR 6.3 billion for the Unity Safety Net, while EUR 453 billion would remain available within NRPPs for national, regional and sectoral priorities. National co-financing would apply to several interventions, including all environmental payments, which could affect Member States' willingness and capacity to fund them. Figure 2 shows the CAP's place within the broader NRPF.

The legal anchor is the Commission proposal COM (2025) 560, ***“Proposal for a Regulation establishing the conditions for the implementation of the Union support to the Common Agricultural Policy for the period from 2028 to 2034”***. It defines the CAP interventions, including degressive area-based income support, AECAs, risk-management tools, investment support for farmers and forest holders, LEADER, knowledge sharing, innovation, advisory services, and CAP data governance. It also confirms that Member States would have greater responsibility for defining protective practices, targeting support, and designing implementation systems.

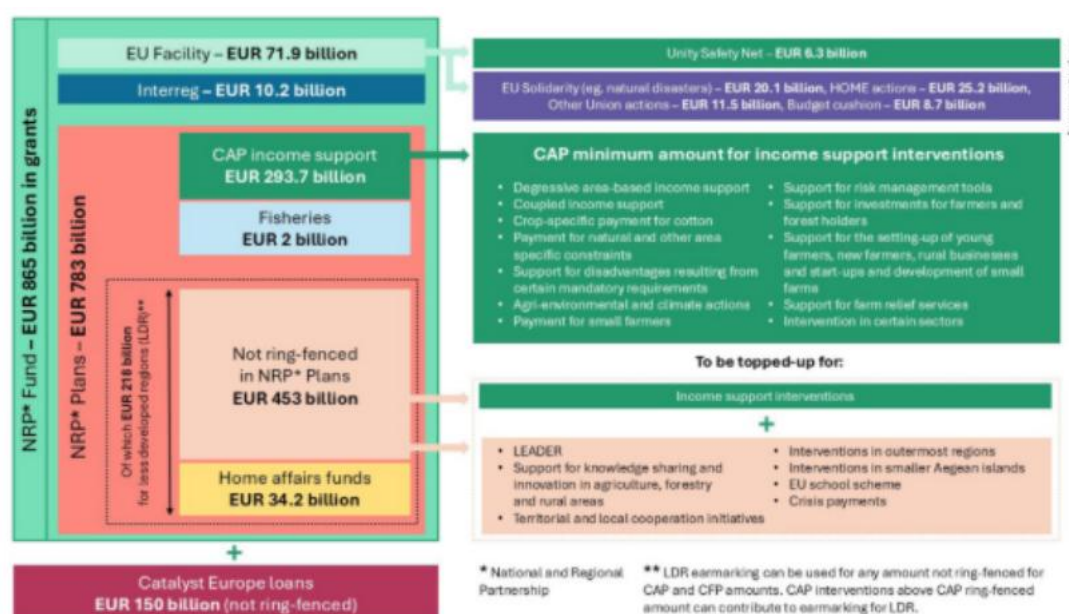


Figure 2. The CAP within the National and Regional Partnership Fund 2028–2034. Source: European Commission, For a resilient, competitive and sustainable EU agriculture (2025b).

For agroforestry implementation, the legal relevance of COM (2025) 560 is that it does not create one single agroforestry measure, but several possible entry points across the CAP architecture. Article 4 places agroforestry-related outcomes within the required environmental and climate priority areas, including “climate change adaptation and water resilience”, “climate change mitigation including carbon removals”, “soil health” and “preservation of biodiversity”. Article 10 provides the payment channel through AECAs, covering “voluntary management commitments” and “voluntary transition towards resilient production systems”. Article 13 provides the investment channel for productive and non-productive investments that contribute to the resilience of agriculture, food systems, forestry and rural areas, “in particular climate and water resilience”. Articles 19–21 add the enabling layer through knowledge sharing, EIP-AGRI, advisory services, AKIS, interoperability, and CAP data governance.

The post-2027 CAP reform also needs to be read alongside the Carbon Removals and Carbon Farming Regulation (CRCF) and the wider EU sustainable finance and corporate reporting agenda. The CRCF

establishes an EU-wide voluntary framework for certifying permanent carbon removals, carbon farming, and carbon storage in products. The Regulation refers to agroforestry and other forms of mixed farming among the farming and forestry practices that can remove CO₂ from the atmosphere or reduce soil emissions, and which may be rewarded through the CAP or other public and private initiatives. It also sets quality criteria around quantification, additionality, storage, monitoring, liability, and sustainability.

The CREDIBLE Focus Group on carbon farming stresses that CAP and CRCF should be understood as complementary rather than mutually exclusive instruments. CAP support remains largely activity-based, while CRCF incentives are designed around certified results. Both can play a role, but full integration of CAP into CRCF-style payments faces short-term limits, including regulatory constraints and high MRV costs. A more realistic pathway is a combined policy mix in which CAP supports planning, establishment, transition, and advisory services, while CRCF provides a framework for verified climate benefits once systems can be measured reliably (CREDIBLE Focus Group 2.3, 2024).

4. TRANSITION DYNAMICS: WHO GAINS, WHO RESISTS, AND WHY?

The post-2027 CAP creates new opportunities for agroforestry, but implementation will depend on how different actors perceive the costs, risks, and benefits of the transition. Agroforestry expansion is therefore shaped by incentives, institutional capacity and political priorities that do not always align.

Agroforestry offers potential benefits for a wide range of actors. Farmers can improve resilience to droughts, floods and market volatility while diversifying production and income sources. Public authorities can advance climate, biodiversity, water and soil objectives through a single land-use approach. Food companies and processors can strengthen supply-chain resilience and reduce exposure to climate-related disruptions. Financial institutions and investors are also showing growing interest in land-use systems capable of generating measurable environmental outcomes alongside long-term economic value.

At the same time, the transition challenges established systems and incentives. Many agricultural support systems, machinery markets, advisory services and value chains have evolved around specialised production systems. These actors may not necessarily oppose agroforestry, but they often face fewer incentives to change established practices and business models. As a result, institutional inertia can slow the transition even where agroforestry benefits are widely recognised. Monoculture systems benefit from decades of optimisation, standardisation and institutional familiarity. Many large-scale production systems are integrated into established value chains, specialised machinery markets, input supply networks, insurance products and export-oriented business models that reward economies of scale and operational efficiency. Existing support structures, advisory services and administrative systems have also largely evolved around these production models.

By contrast, agroforestry often requires longer planning horizons, additional management skills, upfront investment, and greater coordination across agricultural, forestry, and environmental administrations. It may also involve changes in farm operations, monitoring requirements and market

relationships. These characteristics can make agroforestry appear more complex and uncertain than established production models, even where its long-term benefits are recognised.

The underperformance of previous CAP agroforestry measures illustrates these transition dynamics. Support instruments existed, yet uptake remained limited because many farmers and land managers perceived the transition as involving higher risks, greater complexity and less predictable returns. This suggests that scaling agroforestry also involves creating enabling conditions that make the transition economically attractive, institutionally feasible, and operationally manageable.

The transition also raises questions about the distribution of costs and benefits. Small and medium-sized farms often face greater difficulties in absorbing establishment costs, managing delayed returns and meeting monitoring requirements. Larger commercial farms may be reluctant to adopt practices perceived as increasing management complexity or reducing operational efficiency. Public administrations face the challenge of integrating agroforestry into existing payment, monitoring, and reporting systems, while private-sector actors may only engage when environmental outcomes can be measured and linked to credible business value.

Building effective reform coalitions will therefore be essential. Agroforestry is unlikely to scale through agricultural policy alone. Progress will require cooperation among farmers, advisory services, researchers, public authorities, financial institutions, food companies, and civil society organisations. The post-2027 CAP can play a key role by aligning incentives, reducing administrative barriers, and creating clearer links between public support, ecosystem service delivery, and private investment.

These transition dynamics have important implications for policy design. If agroforestry is presented primarily as an environmental obligation, resistance is likely to remain high. Framing it as a strategic investment in resilience, competitiveness, food security, climate adaptation, and risk reduction creates stronger incentives for farmers, administrations, value-chain actors, and investors to engage in the transition.

Box 2. Three Priorities for the Post-2027 CAP

While the recommendations presented in this brief address different aspects of agroforestry implementation, three priorities should guide the design of the post-2027 CAP.

Make agroforestry measurable

Agroforestry must become visible within CAP governance, monitoring and reporting systems. A common EU framework, with flexibility to account for regional ecological and agronomic conditions, is needed to consistently identify agroforestry while avoiding rigid one-size-fits-all definitions. Improved integration within LPIS/IACS and interoperable indicators would allow agroforestry to be monitored and rewarded more effectively across Member States. Better measurement is also a prerequisite for results-based payments, carbon farming, biodiversity finance, and sustainable investment.

Simplify and stabilise support

Farmers need clear, predictable and accessible support throughout the transition period. Eligibility rules should be simplified, administrative burdens reduced, and advisory services

strengthened. At the same time, agroforestry requires stable multiannual support and protected transition funding, as many benefits materialise only over longer time horizons. Flexibility for Member States should therefore be balanced with common EU safeguards and minimum implementation standards.

Make implementation workable

Digitalisation, monitoring and results-based approaches should reduce transaction costs rather than create new barriers. MRV systems, digital tools and reporting requirements must remain proportionate, affordable and supported by advisory services. Successful implementation will also depend on stronger cooperation between farmers, advisory services, public authorities, researchers, financial institutions, cooperatives and value-chain actors, ensuring that agroforestry becomes both operationally feasible and economically attractive.

Table 6: Box 1. Three Priorities for the Post-2027 CAP. Source: Authors' own elaboration

5. POLICY RECOMMENDATIONS

The policy recommendations below build on the evidence reviewed above, as well as the *ReForest Discussion Policy Papers* developed in collaboration with ReForest Work Package leaders and insights gathered through two EMEA-led *Policy Dialogues* held in Brussels²⁷ and Barcelona²⁸. These exchanges helped validate the main implementation challenges and translate project evidence into concrete and actionable recommendations for post-2027 CAP design.

Before turning to the targeted recommendations, three cross-cutting issues should guide agroforestry implementation under the post-2027 CAP.

First, digitalisation and modernisation should reduce transaction costs and improve access to support, rather than create new barriers for farmers with limited technical capacity. Older farmers, smallholders and regions with weaker advisory systems should not be disadvantaged by complex tools, reporting rules or performance-based schemes. Digital tools should therefore be usable, affordable and backed by human support. Agroforestry support should also consider labour demand, skills, and rural employment, so that the transition strengthens local capacity and social cohesion rather than widening regional disparities.

Second, the post-2027 CAP should preserve space for national and regional adaptation while protecting common EU standards. Member State flexibility can improve policy fit, but agroforestry support should not depend too heavily on national political priorities or uneven administrative capacity. The Commission should ensure that NRPPs include transparent needs assessments, stakeholder consultation, comparable indicators and minimum quality standards for environmental and climate interventions.

Third, flexibility should be matched with protected transition funding. Agroforestry-relevant climate, biodiversity, young farmer and small-farm measures require stable support because their benefits often materialise over longer time horizons. Without safeguards, environmental and social priorities may lose out to short-term budget pressures or more visible income-support measures. Ring-fenced transition support would give farmers more predictable incentives, reduce implementation gaps across Member States, and help align CAP spending with climate, biodiversity, and rural development objectives.

Building on these considerations, the following eight recommendations focus on the main areas where changes to governance, funding, monitoring and implementation could improve agroforestry uptake across Member States.

1. Make agroforestry measurable in CAP systems

Agroforestry remains difficult to monitor, compare and support because definitions and reporting systems vary across Member States. Inconsistent recording across LPIS/IACS, forest inventories, remote sensing systems, biodiversity monitoring frameworks and LULUCF reporting reduces policy transparency, complicates CAP implementation and limits the development of results-based payments, carbon farming and sustainable finance. The post-2027 CAP should establish a coherent and interoperable framework for identifying, recording, and monitoring agroforestry systems, ensuring they are visible across administrative, reporting, and certification systems while remaining adaptable to regional contexts.

Level	EU + Member States
Lead institutions	- European Commission (DG AGRI, DG ENV, Joint Research Centre) - Paying agencies (national/regional) - LPIS/IACS authorities, Eurostat/LULUCF reporting bodies
Key actions	- The EU should adopt a common framework definition with flexible regional adaptation, based on shared measurable criteria (e.g., tree density, land-use interaction, land management practices), ensuring EU-wide comparability while allowing ecological and agronomic adaptation at national and regional level - Adopt a common EU agroforestry classification framework with flexibility for regional adaptation, applicable across all CAP strategic plans and NRPP monitoring frameworks - Require Member States to explicitly identify agroforestry parcels in LPIS/IACS through a dedicated system flag, clearly distinguishing agroforestry from forest land, landscape features, and scattered-tree agricultural land - Include agroforestry as a standalone reporting category in CAP performance frameworks, with dedicated area and result indicators in annual monitoring reports - Ensure interoperability between CAP, LULUCF, CRCF, and biodiversity reporting systems through a harmonised classification and data-sharing framework coordinated by the Joint Research Centre
Expected benefits	- Creation of a harmonised EU agroforestry classification within LPIS/IACS systems

	- Mandatory and consistent reporting of agroforestry areas in Member State CAP Strategic/NRPP plans - Alignment of agroforestry definitions across CAP, LULUCF, CRCF, and biodiversity monitoring frameworks - Improved data quality for CAP performance assessment, climate reporting, and results-based payment systems
Main beneficiaries	- Farmers benefit from clearer eligibility rules, reduced risk of land misclassification, and improved access to CAP and climate-related payments - Member States and paying agencies benefit from more efficient verification, reduced administrative uncertainty, and improved reporting consistency - European Commission gains robust and comparable indicators for evaluating CAP environmental and climate performance - Investors and certification bodies gain reliable and standardised datasets for carbon accounting, biodiversity claims, and sustainable finance instruments

2. Simplify and stabilise AF support under CAP

Agroforestry requires upfront investment, while many benefits only materialise over longer time horizons. Farmers carry the early costs of design, planting, protection, labour, management adaptation and income foregone, while climate, biodiversity, soil and water benefits often emerge later and at the landscape scale. The post-2027 CAP should therefore provide predictable multiannual support for establishment, maintenance, restoration and transition costs, while reducing administrative burden through interoperable digital systems and the “report once, use multiple times” principle.

Level	EU framework CAP regulation and implementing rules with Member State delivery through CAP Strategic Plans and NRPPs
Lead institutions	-European Commission (DG AGRI) for design and approval of CAP interventions -National and regional managing authorities for programming and implementation -Paying agencies for payment execution and controls
Key actions	- Encourage Member States to include an agroforestry intervention under the Agri-Environmental and Climate Actions (AECA) and/or investment measures that combine establishment and maintenance support - Provide an EU-level guidance payment range to reduce excessive variation in support levels across Member States while allowing adaptation to local agro-ecological and cost conditions -Include early-stage support for years 0–5, such as a carbon farming and young farmers starter pack, when costs are high, and returns remain limited²⁹. - Link support to the Digital Farm Passport or single digital farm record approach, integrating parcel data, agroforestry features, management

²⁹ European Agroforestry Federation (EURAF). (2025). An agroforestry carbon farming starter pack – to simplify and link agricultural tree-planting interventions. CAP Simplification Proposal from EURAF to DG AGRI. Zenodo. <https://doi.org/10.5281/zenodo.15130431>; Lawson, G., & Muraru, C. (EURAF). (2025). Agroforestry and Simplification of the CAP, Policy Briefing #70, Version 2. Zenodo. <https://doi.org/10.5281/zenodo.15130516>

	commitments, advisory plans, geo-tagged evidence, soil, carbon and biodiversity indicators, payment history and certification information ³⁰ . - Ensure compatibility with carbon farming schemes, private finance instruments, FaST, EU-FarmBook, the EU CAP Network/EIP-AGRI ecosystem and the REFOREST Co-creation Platform, while keeping CAP baseline support stable and accessible ³¹ .
Expected benefits	- Establishment and maintenance costs are covered through a predictable multiannual framework, reducing upfront investment risk for farmers and improving the economic viability of agroforestry systems under CAP support - More consistent implementation across Member States and improved transparency of agroforestry uptake in CAP monitoring systems - Increased policy efficiency by aligning public payments with ecosystem service delivery
Main beneficiaries	-Farmers benefit from direct coverage of establishment and maintenance costs and improved cash flow stability during the transition phase -Young farmers and new entrants benefit from lower financial and structural barriers to adopting long-term agroforestry systems -Member States and paying agencies benefit from a clearer programming structure, reduced administrative ambiguity, and improved uptake of environmental interventions -EU policy system benefits from stronger delivery of measurable climate and environmental outcomes through more stable and targeted CAP spending

3. Make MRV workable for farmers

MRV systems should enable access to payments and finance, not create another administrative barrier. If monitoring is too costly or complex, smaller farms risk being excluded from result-based payments, carbon farming and biodiversity finance. Monitoring requirements should therefore remain proportionate to farm size and project complexity. Public support should build collective MRV capacity in rural areas by funding farmer associations, cooperatives and producer organisations to act as intermediaries, pool technical expertise, reduce verification costs, support access to certification schemes and connect agroforestry outcomes with carbon, biodiversity and sustainable value-chain

³⁰ See: European Agroforestry Federation (EURAF). (2025). An agroforestry carbon farming starter pack – to simplify and link agricultural tree-planting interventions. CAP Simplification Proposal from EURAF to DG AGRI. Zenodo. <https://doi.org/10.5281/zenodo.15130431>; Lawson, G., & Muraru, C. (EURAF). (2025). Agroforestry and Simplification of the CAP, Policy Briefing #70, Version 2. Zenodo. <https://doi.org/10.5281/zenodo.15130516>

³¹ FaST Platform: <https://fastplatform.eu/>; EU-FarmBook: <https://welcome.eufarmbook.eu/>; EU CAP Network, Innovation, knowledge exchange and EIP-AGRI: https://eu-cap-network.ec.europa.eu/support/innovation-knowledge-exchange-eip-agri_en; EU CAP Network, EU-FarmBook project page: https://eu-cap-network.ec.europa.eu/projects/eu-farmbook_en; REFOREST, The REFOREST Co-creation and Engagement Platform has been launched: <https://agroReForest.eu/es/the-ReForest-co-creation-and-engagement-platform-has-been-launched/>

opportunities³².

Level	EU framework with Member State implementation under CAP Strategic Plans and NRPPs
Lead institutions	-European Commission (DG AGRI for CAP implementation, DG CLIMA for climate alignment, Joint Research Centre for MRV methods and interoperability tools) - National and regional managing authorities and CAP paying agencies (implementation, controls, and data management) - Farmer organisations, cooperatives, and producer organisations (collective MRV service delivery and farm-level data collection) - Accredited verification bodies under CRCF and related EU certification frameworks (independent validation and assurance)
Key actions	- Develop a tiered MRV system distinguishing between small, medium, and large farms and projects with proportionate monitoring requirements - Recognise and support cooperatives and producer organisations as MRV intermediaries providing shared monitoring, data collection and reporting services - Pool technical expertise, data collection and verification services to reduce costs. - Ensure interoperability between CAP MRV systems, CRCF carbon farming frameworks, and biodiversity monitoring systems - Develop EU-wide MRV guidance and interoperable digital templates and tools for Member State implementation, supported by the Joint Research Centre - Ensure that digital MRV tools are transparent, explainable and supported by clear rules on data ownership, privacy and farmer consent
Expected benefits	- Lower monitoring and verification costs, particularly for small and medium-sized farms - Increased participation in carbon farming and results-based payment schemes - More consistent, comparable and reliable MRV data across Member States - Reduced administrative burden for farmers, paying agencies and certification bodies
Main beneficiaries	- Farmers gain simpler reporting and better access to ecosystem-service payments. - Small and medium-sized farms gain fairer access to carbon and biodiversity finance. - Cooperatives and producer organisations gain a formal role in MRV delivery. - Member States gain more efficient MRV systems and better implementation data.

³² This recommendation draws on Zibecchi, T., & Simonson, W. (2026). Discussion Policy Paper #6: Digital Infrastructure, Data Governance and Decentralised Innovation for Agroforestry. Horizon Europe Project 101060635 – REFOREST.

	- EU institutions gain harmonised environmental performance data for policy evaluation and climate reporting.
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4. Strengthen agroforestry advisory services, AKIS capacity and digital decision-support

Agroforestry adoption remains constrained by limited technical knowledge, uneven advisory support and inconsistent interpretation of CAP eligibility rules across Member States. Advisory services should therefore be recognised as core delivery infrastructure for the post-2027 CAP, not as a complementary support measure. As environmental payments become more outcome-oriented, farmers will need integrated support for agroforestry design, financial planning, regulatory compliance, carbon accounting, biodiversity monitoring and performance verification. The post-2027 CAP should strengthen agroforestry advisory services within AKIS and connect them with trusted digital tools, including FarmTree-type modelling, carbon and biodiversity estimators, digital twins and decision-support platforms. These tools can support system design, investment planning, MRV and long-term management by helping farmers compare options, assess trade-offs and simulate future production, climate and ecosystem-service outcomes³³.

Level	EU framework under CAP Strategic Plans and AKIS coordination, implemented at the national and regional levels
Lead institutions	- European Commission DG AGRI (AKIS guidance and CAP programming requirements) - National managing authorities (AKIS design, funding allocation and monitoring) - National and regional advisory services and AKIS networks (delivery) - EIP-AGRI Operational Groups and Living Labs (innovation and testing)
Key actions	- Encourage Member States to develop or strengthen dedicated agroforestry advisory services within AKIS structures, based on national needs and capacities - Support Member States in establishing agroforestry demonstration farms and Living Labs within AKIS systems to provide practical, locally adapted evidence - Promote structured farmer-to-farmer learning and cooperative advisory models focused on agroforestry design, establishment, and management - Develop and promote common EU training modules for advisors and paying agencies on agroforestry design, eligibility rules, and CAP implementation - Integrate agroforestry into agricultural education and training programmes - Facilitate access to trusted digital tools, for example, FarmTree-type modelling, carbon and biodiversity estimators, digital twins and decision-support platforms.
Expected benefits	- Improved access for farmers to practical, implementation-oriented knowledge - More consistent interpretation of CAP eligibility rules across Member States - Faster uptake of agroforestry through applied learning and demonstration-based evidence

³³ This recommendation draws on Zibecchi, T., & Staton, T. (2026). Discussion Policy Paper #3: Advisory Services as Implementation Infrastructure for Agroforestry Transition. Horizon Europe Project 101060635 – REFOREST.

	- Strengthened administrative capacity for CAP implementation, eligibility verification and monitoring - Improved coordination between research, advisory services and on-farm application
Main beneficiaries	- Farmers through improved access to technical and advisory support for agroforestry implementation - Member States should implement agroforestry measures more consistently and reduce administrative complexity - Advisory organisations and AKIS networks through strengthened roles in long-term knowledge delivery and agroforestry support systems - Paying agencies and public administrations through improved capacity for eligibility assessment, monitoring, and implementation of agroforestry measures

5. Align AF with sustainable finance and corporate reporting

Agroforestry indicators should be linked to CRCF, CSRD, EU Taxonomy, and result-based payment frameworks, so that companies, investors, and value-chain actors can recognise agroforestry in carbon accounting, Scope 3 strategies, biodiversity claims, and sustainable finance. This would improve coherence between agricultural policy, sustainable finance and corporate reporting frameworks, while creating clearer pathways for private co-finance and ecosystem-service remuneration. Public authorities should also provide guidance and public-private platforms that demonstrate the economic case for value-chain actors to support agroforestry through insetting, long-term sourcing contracts, technical assistance, and resilience partnerships.

Level	EU sustainable finance, corporate reporting and CAP framework, with implementation through national CAP Strategic Plans, CRCF certification schemes, company reporting systems, value-chain contracts and private finance instruments.
Lead institutions	European Commission (DG AGRI, DG CLIMA, DG ENV, DG FISMA); EFRAG and reporting bodies; national managing authorities and paying agencies; certification bodies, MRV providers and registries; agri-food companies, retailers, processors, cooperatives and financial institutions.
Key actions	-Provide guidance for companies on credible agroforestry insetting, Scope 3 strategies, biodiversity claims and long-term sourcing contracts -Align MRV requirements across public payments, carbon farming, biodiversity monitoring and corporate reporting, while keeping them proportionate for farmers and SMEs -Create public-private platforms that connect farmers, cooperatives, companies, investors and public authorities around agroforestry investment opportunities - Encourage financial institutions to recognise verified agroforestry outcomes in farm resilience, transition finance and risk assessment -Promote contract models that ensure fair farmer value capture, transparent pricing, data rights and long-term commitments from value-chain actors

Expected benefits	-Improved recognition of agroforestry within sustainable finance and corporate reporting frameworks -Stronger incentives for private co-finance alongside CAP and public support -More credible carbon, biodiversity and ecosystem-service claims linked to verified farm-level outcomes -Reduced risk of double-counting, weak claims or fragmented MRV systems -Improved bankability of agroforestry projects through clearer links between ecosystem services, resilience and financial value -Greater supply-chain investment in landscape resilience, climate adaptation and biodiversity restoration
Main beneficiaries	-Farmers and land managers, through new revenue opportunities, stronger contracts and better recognition of ecosystem-service delivery -Agri-food companies, retailers and processors, through more resilient supply chains and credible sustainability strategies -Financial institutions and investors, through clearer agroforestry indicators, improved risk assessment and stronger transition-finance opportunities -Member States and paying agencies, through better alignment between CAP support, result-based payments and private finance - The EU policy system gains stronger coherence between agricultural policy, sustainable finance, corporate reporting and climate-biodiversity objectives

6. Address land-tenure, tree-ownership and eligibility barriers

Unclear land-tenure rules, tree-ownership rights and CAP eligibility conditions remain major barriers to agroforestry investment, especially for tenant farmers, smallholders, fragmented holdings and mixed land-use farms. Agroforestry requires long-term planning, while benefits often arrive years after establishment. If farmers are unsure whether they will retain land access, capture future returns, keep CAP payment eligibility or own/manage planted trees, they may decide not to invest. The post-2027 CAP should support clearer legal and administrative frameworks, while ensuring that planted trees do not reduce CAP support where agricultural use is maintained.

Level	EU framework guidance with implementation through CAP Strategic Plans and national administrative and land eligibility rules
Lead institutions	- European Commission (DG AGRI and DG ENV) (CAP framework guidance) - National managing authorities and paying agencies (CAP implementation, eligibility rules, and payment administration) - National ministries of agriculture, justice and land administration (land tenure regulation, legal frameworks, and contractual rules for land use) - Land registry and cadastral authorities (land parcel data, classification, and registration systems supporting eligibility verification)
Key actions	-Encourage Member States to clarify tree ownership rights and management responsibilities within tenancy and land-use rules for agroforestry systems - Address agroforestry-related tenure and eligibility barriers within CAP Strategic Plans and national administrative frameworks

	- Allow CAP payments for tenants under clearly defined agroforestry contracts that specify land-use rights, tree ownership and management responsibilities - Encourage agroforestry support and tenancy contracts to reflect establishment periods, management requirements and delayed returns, including through longer contractual periods where appropriate - Ensure that trees planted within agroforestry systems do not automatically change land classification or reduce CAP payment eligibility where agricultural use is maintained - Improve coordination between paying agencies, land registries and cadastral authorities to reduce disputes over eligibility, land classification and tree ownership
Expected benefits	- Reduced legal uncertainty and lower investment risk for farmers - Increased adoption of agroforestry on rented and fragmented land - Improved participation of tenants and smallholders in CAP environmental schemes - More stable long-term land management decisions through greater certainty over future rights and responsibilities. - Fewer disputes over CAP eligibility, land classification and tree ownership - More equitable agroforestry uptake across different farm types and regions
Main beneficiaries	- Tenant farmers and smallholders through improved access to CAP support and greater legal certainty over land use and tree management - Landowners through clearer contractual arrangements, reduced disputes and greater certainty over tree ownership, management responsibilities and future benefits. - Member States through clearer eligibility rules and reduced administrative conflicts in CAP implementation - EU policy system through more equitable and scalable agroforestry uptake across regions

7. Develop spatial targeting and landscape-scale approaches

Current agroforestry support is often allocated without systematically targeting areas where environmental and climate benefits would be greatest. This reduces the efficiency of public spending and limits the environmental benefits generated per euro of CAP expenditure. Post-2027 CAP implementation should integrate spatial targeting and needs-based planning so that agroforestry support reaches the farms and landscapes where environmental and socio-economic benefits are greatest.

Level	EU framework guidance with Member State implementation through CAP Strategic Plans and NRPPs
Lead institutions	- European Commission (DG AGRI and DG ENV) (policy design and CAP framework coordination) - Joint Research Centre (spatial modelling, data integration, and methodological support)

	- National managing authorities (design and implementation of national CAP implementation frameworks, including targeting, eligibility rules, and allocation of support) - Environmental agencies and land planning authorities (regional spatial planning and implementation)
Key actions	- Strongly encourage Member States to identify priority areas for agroforestry implementation in CAP Strategic Plans - Integrate spatial indicators (e.g. erosion risk, water stress, biodiversity value) into targeting and eligibility criteria - Use LPIS/IACS and remote sensing data to support landscape-scale planning - Promote territorial and landscape-scale agroforestry approaches coordinated across groups of farms and regions - Allow higher payment rates or bonus payments in areas where agroforestry delivers high environmental priorities (e.g., climate, biodiversity, water management)
Expected benefits	- More efficient use of CAP funds based on environmental priorities - Higher climate, biodiversity and soil protection benefits per euro of CAP expenditure - Greater landscape connectivity and reduced fragmentation of agroforestry systems - Improved coherence between agricultural and environmental policy objectives
Main beneficiaries	- Rural landscapes and ecosystems through improved biodiversity, soil protection, water regulation and climate resilience. - Farmers in priority areas receive more targeted and better-aligned financial support - Member States through the more efficient allocation of CAP resources and improved policy targeting

8. Leverage cooperatives and collective models

Use cooperatives, producer organisations and local partnerships to aggregate small projects, reduce transaction costs, pool technical capacity and improve access to markets, finance and certification schemes. Many agroforestry projects are too small to access carbon markets, biodiversity finance or corporate sourcing arrangements individually. Collective models can reduce fixed costs, improve bargaining power and create regional spillovers through shared processing, logistics, advisory services and local value chains.

Level	EU framework guidance under CAP Strategic Plans, implemented through national and regional rural development measures, producer organisation support, cooperative policy and local development instruments.
Lead institutions	European Commission (DG AGRI); national managing authorities and paying agencies; regional authorities and local development agencies; cooperatives, producer organisations and farmer associations; EIP-AGRI Operational Groups,

	Living Labs and advisory networks; agri-food companies, processors, retailers and financial institutions
Key actions	- Provide financial and advisory support to cooperatives and farmer groups to aggregate projects, reduce costs, and access markets and certification -Use CAP and rural development measures to finance shared advisory services, processing facilities, storage, logistics and certification costs -Encourage collective access to carbon farming, biodiversity payments, nature credits and result-based schemes where individual farm participation would be too costly -Promote local and regional value chains for agroforestry products through branding, public procurement, short supply chains and buyer partnerships -Develop cooperative models for shared machinery, tree management, MRV, data collection and market development -Facilitate partnerships between farmers, advisors, municipalities, processors, retailers and financial institutions to support agroforestry at the landscape scale
Expected benefits	-Lower transaction costs for farmers and public administrations -Better access for smallholders and fragmented farms to finance, certification and market opportunities -Stronger bargaining power for farmers in value-chain and ecosystem-service contracts -Improved access to shared infrastructure, advisory services and technical capacity -Greater regional spillovers through local processing, employment, skills development and rural value creation -More scalable implementation of agroforestry across landscapes rather than isolated farms
Main beneficiaries	-Smallholders, tenant farmers and fragmented farms, through lower entry barriers and shared support systems -Cooperatives, producer organisations and farmer associations, through stronger roles in aggregation, advisory delivery and market access -Rural communities, through local employment, processing, logistics and value-chain development -Member States and regional authorities, through more efficient implementation and monitoring of agroforestry measures -Agri-food companies and buyers, through more reliable supply, clearer sourcing arrangements and stronger landscape-level sustainability outcomes

6. CONCLUSION

Agroforestry is already recognised in EU policy for its contribution to climate change mitigation and adaptation, biodiversity, soil health, water resilience and rural development. Yet this recognition has not been matched by implementation at scale. This brief shows that agroforestry remains weakly

embedded in the systems that shape CAP delivery, including definitions, eligibility rules, funding channels, advisory services, monitoring frameworks and administrative data.

Evidence from ReForest, supported by scientific literature, stakeholder consultations, institutional analyses, Discussion Policy Papers and EMEA-led Policy Dialogues in Brussels and Barcelona, points to a consistent set of challenges. These include regulatory fragmentation, heterogeneous definitions and eligibility rules, limited access to suitable finance, land-tenure constraints, weak advisory systems, administrative complexity, costly monitoring requirements and uneven implementation across Member States. These barriers often reinforce one another, creating a situation in which agroforestry is formally recognised in policy but remains difficult to establish, manage and finance in practice.

The post-2027 CAP offers an opportunity to address these gaps, provided agroforestry is treated as an implementation priority rather than solely as an eligible practice. Agri-Environmental and Climate Actions, investment support, AKIS, advisory services, digital tools, data governance and results-based approaches all provide potential entry points. To be effective, they need clear definitions, stable support, proportionate monitoring, advisory capacity and safeguards that preserve environmental and social ambition across Member States.

The recommendations set out in this brief respond directly to these needs. They aim to increase the visibility of agroforestry within CAP systems, improve its programmability and accessibility, reduce monitoring and administrative costs, strengthen advisory and digital support, and better connect agroforestry to sustainable finance, value chains, and collective models. They also address structural barriers to uptake, including land tenure uncertainty, tree ownership rules, payment eligibility, fragmented farm structures, and weak spatial targeting.

For the post-2027 CAP, this means integrating agroforestry into implementation systems that are usable in practice for farmers, administrations, and value-chain actors. Support should be sufficiently clear to programme, stable enough to encourage investment, simple enough to access and measurable enough to demonstrate climate, biodiversity and rural-development outcomes. In this context, agroforestry should be framed as a strategic investment in the resilience, competitiveness and long-term sustainability of European agriculture.

7. APPENDIX 1: REFERENCES AND RELATED DOCUMENTS

ID	Reference or Related Document	Source or Link/Location
1	CREDIBLE Focus Group 2.3. (2024). Carbon farming and the Carbon Removal and Carbon Farming Certification Framework (CRCF): Complementarity between CAP support and certified climate outcomes. CREDIBLE Project.	
2	European Agroforestry Federation. (2025). An agroforestry carbon farming starter pack - to simplify and link agricultural tree-planting interventions. CAP Simplification Proposal from EURAF to DGAGRI. Zenodo.	https://doi.org/10.5281/zenodo.15130431

16	LAWSON, G. (2024). Agroforestry in the revised LULUCF Regulation (Version 4). Zenodo.	https://doi.org/10.5281/zenodo.12706973
17	LAWSON, G., DEN HERDER, M., Ronn Anderson, K., KAY, S., MACHINE, A., Palma, J. H., Tomás, A., & Corbacho, J. (2025). Availability and use of IACS geospatial data in the EU (Version v1). Zenodo.	https://doi.org/10.5281/zenodo.15712678
18	LAWSON, G., Muraru, C., & Kay, S. (2024). Governance and performance of the CAP: the role of agroforestry (Version 2). Zenodo.	https://doi.org/10.5281/zenodo.14000545
19	LAWSON, G., MURARU, C., Bertomeu, M., & Corbacho, J. (2024). Defining forests and agroforests in the EU (Version 5). Zenodo.	https://doi.org/10.5281/zenodo.14161921
20	LAWSON, G. (2023). Agroforestry Definitions in the New CAP (Version 1). Zenodo.	https://doi.org/10.5281/zenodo.7828435
21	REFOREST. (2025). The REFOREST co-creation and engagement platform has been launched.	https://agroReForest.eu
22	REFOREST. (2026). ReForest hosts dialogue on the future of agroforestry in Europe.	https://agroReForest.eu
23	Euro-Mediterranean Economists Association (EMEA). (2026). Upscaling agroforestry in Europe: EMEA convenes regulation and finance policy dialogues at CEPS in the framework of the ReForest and DigitAF projects.	Upscaling agroforestry in Europe: EMEA convenes regulation and finance policy dialogues at CEPS in the framework of the ReForest and DigitAF projects - EMEA
24	Zibecchi, T. (EMEA). (2025). Mapping Report on Agroforestry Sector Finance and Policy III (Deliverable D5.3). Version 03, 20 June 2025. Horizon Europe Project 101060635 – REFOREST. Public.	ReForest-D5.3-Mapping-Report-on-AF-sector-finance-and-policy-3.pdf
25	Zibecchi, T., Hajdukovic, I., Matalucci, C., & Kasargodu Anebagilu, P. (2026). Discussion Policy Paper #1: Governance and Regulations for AF Expansion. Horizon Europe Project 101060635 – REFOREST.	Discussion Policy Paper #1 - Governance and Regulations for AF Expansion - EMEA
26	Zibecchi, T., Schmitt, J., Hassler, M., Borek, R., & Radzikowski, P. (2026). Discussion Policy Paper #2: Market Integration, Value Chains and Demand Pathways for Agroforestry. Horizon Europe Project 101060635 – REFOREST.	Discussion Policy Paper #2 - Market Integration, Value Chains and Demand Pathways for Agroforestry - EMEA
27	Zibecchi, T., & Staton, T. (2026). Discussion Policy Paper #3: Advisory Services as Implementation Infrastructure for Agroforestry Transition. Horizon Europe Project 101060635 – REFOREST.	Discussion Policy Paper #3 - Advisory Services as Implementation Infrastructure for Agroforestry Transition - EMEA
28	Zibecchi, T., Bauza, A., & Ghaley, B. B. (2026). Discussion Policy Paper #4: Economic Performance, Valuation and the Business Case for Agroforestry. Horizon Europe Project 101060635 – REFOREST.	

29	Zibecchi, T. (2026). Discussion Policy Paper #5: Building the Investment Case for Agroforestry. Horizon Europe Project 101060635 – REFOREST.	<u>Discussion Policy Paper #5 - Building the Investment Case for Agroforestry - EMEA</u>
30	Zibecchi, T., & Simonson, W. (2026). Discussion Policy Paper #6: Digital Infrastructure, Data Governance and Decentralised Innovation for Agroforestry. Horizon Europe Project 101060635 – REFOREST.	<u>Discussion Policy Paper #6 - Digital Infrastructure, Data Governance and Decentralised Innovation for Agroforestry - EMEA</u>



REFOREST

Organisation: Euro-Mediterranean Economists Association (EMEA)



Policy Brief #2

Finance and Investment Mechanisms for Agroforestry Transition in Europe

Understanding the Investment Gap and Post-2027 CAP Implications

Date: June 2026



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EXECUTIVE SUMMARY

The post-2027 Common Agricultural Policy (CAP) will play a decisive role in determining whether agroforestry becomes a niche environmental practice or a scalable component of Europe's agricultural transition.

Despite broad recognition of its contribution to climate resilience, biodiversity, soil health, water management and farm diversification, agroforestry adoption remains limited across Europe. Evidence from the ReForest project suggests that the challenge is not simply a lack of public support, but a broader investment gap that prevents farmers, financial institutions, and value-chain actors from engaging in agroforestry at scale.

Data collected across ReForest Living Labs show that less than one-third of surveyed practitioners consider existing finance sufficient to support agroforestry investments. Engagement with private finance is limited, while access to specialised advisory services remains uneven. These findings point to structural barriers that extend beyond farm-level decision-making and reflect weaknesses in how agroforestry is valued, financed, and integrated into markets.

This brief argues that the investment gap can be understood through three interconnected dimensions:

1. A **valuation gap**, where ecosystem services, resilience benefits and long-term productivity gains remain insufficiently recognised in mainstream economic and financial decision-making.
2. A **financing gap**, where farmers face immediate establishment costs and delayed returns, while agroforestry-specific guarantees, concessional loans, insurance products and blended-finance mechanisms remain too limited to share transition risk effectively.
3. A **market gap**, where farmers struggle to capture value through supply chains, ecosystem-service markets and sustainability-driven demand.

The ReForest Sustainable Financing Scheme responds to this challenge through a phased approach that combines ex-ante support, action-based payments, results-based incentives, and advisory services. Its logic is to align finance with the biological and economic cycles of agroforestry systems, reducing early-year liquidity pressure while creating pathways to verified environmental outcomes, market revenues, and private investment.

For the post-2027 CAP, the policy priority is to move beyond isolated grants and short-term establishment payments. CAP support should provide a stable foundation for agroforestry adoption, while also helping mobilise complementary capital from development and regional banks, cooperatives, philanthropic actors, agri-food companies, and investors. This requires public support to be more clearly linked to advisory services, proportionate MRV, risk-sharing mechanisms, ecosystem-service payments, and value-chain partnerships.

The recommendations presented in this brief focus on closing the valuation, financing and market gaps that continue to limit agroforestry expansion across Europe. They aim to improve early-stage cash flow, reduce transition risks, recognise ecosystem-service value, strengthen advisory and digital

support, and create market pathways that allow farmers to capture a fairer share of the value they generate.

KEY TAKEAWAY

Agroforestry finance requires structured, multi-layered investment packages that align public support, private capital, risk-sharing mechanisms, advisory services, and market integration pathways to enable long-term adoption, ecosystem service delivery, and farm-level resilience.

SUMMARY TABLE OF MAIN POLICY RECOMMENDATIONS

No.	Policy recommendation	Core action	Expected contribution
1	Bridge early-year cash-flow gap with phased finance	Combine ex-ante, action-based and results-based payments with advisory support, risk-sharing tools	Reduced liquidity pressure, improved continuity, increased adoption, and investor confidence
2	Use CAP support as catalytic capital for wider investment	Mobilise CAP payments to crowd in private, development, cooperative and philanthropic finance	Increased investment in agroforestry, improved access to finance, greater long-term sustainability of AF projects
3	Share transition risk through de-risking mechanisms	Deploy guarantees, first-loss capital, concessional loans, grace periods, climate insurance, and advance purchase agreements	Reduced collateral and financing barriers, lower perceived risk, increased lender and investor participation
4	Mobilise banks, development finance and investment platforms	Establish thematic investment platforms to pool small and medium-sized agroforestry projects, providing concessional credit, guarantees, technical assistance, and advisory support	Increased mobilisation of private and development finance, lower transaction costs, improved bankability of AF projects
5	Improve investment readiness through valuation, modelling and decision-support tools	Deploy FarmTree, Decision Analysis, NPV modelling, and ecosystem-service valuation to guide financing decisions	More robust business cases, reduced uncertainty for investors and lenders, improved alignment with CAP and blended finance

6	Turn ecosystem-service value into payments and contracts	Translate verified carbon, biodiversity, water and soil outcomes into CAP payments, supply-chain contracts and nature-market revenues	Additional revenue streams for farmers, verifiable outcomes and stronger incentives for adoption and maintenance
7	Strengthen agroforestry value chains and incentivise private co-investment	Support processing, storage, aggregation, sourcing partnerships, insetting programmes and ESG-aligned procurement by value-chain actors	Improved market access, stronger local value chains, diversified income streams and greater private co-investment
8	Strengthen market access and demand for agroforestry products	Support certification, traceability, short supply chains, public procurement, consumer awareness and long-term buyer relationships for agroforestry products	Increased value capture, improved revenue stability, stronger demand and greater investor confidence

Table.A2 Summary Table of Main Policy Recommendations. Source: Authors' own elaboration.

1. INTRODUCTION

Agroforestry (AF) offers a productive and regenerative land-management system for climate mitigation, adaptation, biodiversity, soil health and farm resilience. **Policy Brief #1** set out the governance and regulatory case for supporting its expansion and showed why it must be better embedded in the post-2027 CAP. This brief turns to the finance case and reflects on how agroforestry can move from a transition cost borne by farmers to an investment opportunity recognised and supported by public policy, private finance, and value-chain actors.

For farmers, agroforestry requires significant upfront investment, changes in management practices, and a waiting period before trees generate meaningful returns. For lenders and investors, these characteristics create uncertainty around payback periods, collateral, and revenue predictability. The complexity is further amplified by the fact that many agroforestry benefits also emerge gradually and extend beyond the farm gate, creating an uneven distribution of incentives in which farmers carry much of the transition risk while part of the value created is captured elsewhere. Public policy, private capital and value-chain actors therefore have a shared role in reducing transition risks and converting ecosystem services, resilience and risk reduction into workable payments, contracts and de-risking mechanisms³⁴.

ReForest evidence confirms this financing gap. Survey and interview results show insufficient financing, limited engagement from private, banking and philanthropic actors, and uneven access to agroforestry-specific advisory services. These findings reveal structural constraints and show that agroforestry adoption depends on factors such as the amount of finance available, the timing of payments, the perceived risk of long-term returns, and the strength of connections between farms, investors, advisory systems and value-chain stakeholder.

The ReForest Financing Scheme, designed and applied by the Euro-Mediterranean Economists Association (EMEA) research team, responds to this mismatch by aligning financial support with the biological and economic cycle of agroforestry systems. Its structure combines ex-ante payments for planning and establishment costs, action-based payments during implementation, results-based payments linked to verified environmental outcomes, and continuous advisory services for system design, monitoring and financial planning. This phased structure reflects the reality of tree-based systems, where costs come early, returns arrive later, and many benefits only become measurable over time³⁵.

The following sections outline the financing logic, evidence, and policy actions needed to make agroforestry a credible and resilient investment pathway. Public support remains essential, particularly during the establishment phase when costs are high and returns are delayed. However, public funding alone will not be sufficient. A successful regenerative transition requires financing

³⁴ This framing draws on public value and market-shaping literature, see: Mazzucato, M. and Ryan-Collins, J. (2019). Putting value creation back into 'public value': From market fixing to market shaping. UCL Institute for Innovation and Public Purpose, Working Paper Series. <https://www.ucl.ac.uk/bartlett/public-purpose/wp2019-05>

³⁵ See: Hajdukovic, I. (2024). AF sustainable financing scheme (Deliverable D5.4). Horizon Europe Project 101060635 – REFOREST. [ReForest-D5.4-AF-Sustainable-financing-scheme.pdf](#)

models that reduce risk, mobilise private capital, strengthen market opportunities, and ensure that farmers receive a fairer share of the value created by agroforestry systems.

BOX 1. Why Now? A Strategic Window for Agroforestry
European agriculture is entering a period of major policy and economic transition. The forthcoming CAP 2028–2034, the implementation of the Carbon Removal Certification Framework (CRCF), growing climate adaptation and water resilience priorities, and increasing sustainability requirements for agri-food value chains are creating new incentives for multifunctional land-use systems. This creates a unique window for agroforestry. Beyond its environmental benefits, agroforestry can strengthen farm resilience, support climate adaptation, improve water retention, diversify farm income, and contribute to Europe's competitiveness and long-term food security. Failure to act carries growing economic and strategic risks for Europe. Climate change is already reducing agricultural resilience through more frequent droughts, heatwaves, floods and water scarcity, while scientific assessments from the IPCC and IPBES indicate that these pressures are likely to intensify over the coming decades. At the same time, farmers face increasing exposure to volatile commodity prices, rising input costs, supply-chain disruptions and environmental degradation. These trends threaten food security, water security, rural livelihoods and the long-term competitiveness of European agriculture. Without greater investment in resilient production systems, adaptation costs are likely to rise, farm profitability may decline, and Europe could become more vulnerable to external market shocks and resource dependencies. Agroforestry should therefore be viewed not only as an environmental practice, but as a strategic investment in Europe's resilience and rural prosperity.

Table X: Why Now? A Strategic Window for Agroforestry. Source: Authors' own elaboration

2. UNDERSTANDING THE INVESTMENT GAP

Current financing arrangements are poorly aligned with the economic realities of agroforestry. Conventional agricultural financial products are typically designed around short production cycles, predictable annual revenues and standard collateral requirements, while agroforestry requires longer investment horizons and accommodates more complex revenue streams. ReForest evidence shows that many farmers face difficulties accessing adequate finance, private investment and specialised advisory support, despite growing recognition of agroforestry's environmental and economic benefits. Less than one-third of surveyed practitioners considered their financing sufficient to support agroforestry activities; fewer than 40% reported engaging with private, banking, or philanthropic sources; and around 40% reported no access to agroforestry-specific advisory services (Zibecchi, 2025). These figures point to a weak financing landscape that remains heavily dependent on public support and lacks sufficient access to long-term credit, blended finance, guarantees, insurance, impact investment, supply-chain finance and nature-based funding mechanisms.

A key reason behind these findings is the mismatch between when costs occur and when benefits materialise. Farmers must cover design, planting, protection, labour, machinery adaptation, management changes and monitoring before tree-based revenues mature. Meanwhile, benefits such

as improved soil health, water regulation, carbon storage, biodiversity enhancement, crop diversification and reduced input dependency accumulate gradually over time. For many systems, a five-year support period is too short, as commercial and ecosystem-service returns may take 10–30 years to become significant. This creates liquidity pressure and weakens the investment case, especially for small- and medium-sized farms with limited savings, land access, and/or collateral.

The challenge is not unique to agroforestry. It reflects a wider imbalance in nature finance, where investments that generate long-term environmental and societal benefits continue to receive only a small share of overall capital flows. UNEP (2026) estimates that for every US\$1 invested in protecting nature, around US\$30 flows to nature-negative activities. In 2023, for example, nature-based solutions received around US\$220 billion, while annual investment needs were estimated at US\$571 billion by 2030.

The banking and investment sector also has a direct stake in addressing this challenge. Financial institutions are exposed to nature degradation through the companies and sectors they finance. Ceglar et al. (2025) find that 72% of analysed euro-area companies have high dependency on at least one ecosystem service, while around 75% of loans to euro-area companies are exposed to borrowers with high ecosystem-service dependency. The study also shows that, among 2,500 analysed banks, the 100 banks with the largest financed biodiversity footprint account for 87% of the total biodiversity footprint associated with euro-area bank lending. These findings indicate that ecosystem degradation is increasingly a financial concern, strengthening the case for investments that enhance ecosystem resilience.

Despite growing recognition of nature-related risks, financial actors still struggle to respond to nature's investment needs. Stakeholders consulted by ReForest explained that AF projects may appear risky because revenues are delayed, collateral is limited, cash flows are uncertain and environmental benefits are hard to price. Evidence from the European Investment Bank (2017) on access to finance in bio-based industries and the blue economy shows that financial market participants are interested in the sustainability and growth potential of bioeconomy investments, but remain cautious where information asymmetries, market and demand uncertainty, unstable revenues and limited sector-specific risk assessment capacity make projects harder to finance.

As discussed in **Discussion Policy Paper #4**, many benefits generated by agroforestry remain only partially reflected in market prices, farm accounts and investment decisions. While establishment costs are immediate and visible, benefits such as improved soil fertility, water regulation, carbon storage, biodiversity enhancement and climate resilience often emerge gradually and remain difficult to monetise. As a result, agroforestry may appear less competitive than it is over the full life cycle of the system³⁶.

This creates a valuation gap that directly affects investment decisions. Many resilience benefits are expressed through avoided costs rather than additional revenues, including reduced exposure to droughts, floods, soil degradation, and input price volatility. Yet these avoided losses rarely appear in

³⁶ See: Hajdukovic, I. (2024). AF sustainable financing scheme (Deliverable D5.4). Horizon Europe Project 101060635 – REFOREST. [ReForest-D5.4-AF-Sustainable-financing-scheme.pdf](#)

conventional financial assessments. Existing markets, accounting frameworks and financing models therefore tend to reward short-term production more effectively than natural capital accumulation, risk reduction and long-term system performance, weakening the investment case for agroforestry despite its broader economic value.

Advisory and monitoring capacity are part of the same investment challenge. As highlighted in **Discussion Policy Paper #3**, advisory services should be viewed not simply as support for individual farmers, but as part of the implementation infrastructure required to deliver agroforestry and other performance-based environmental policies³⁷. Agroforestry requires support for system design, species selection, labour planning, business modelling, regulatory compliance, monitoring and long-term management. Weak advisory systems increase implementation risks, reduce farmer confidence and can limit the effectiveness of public support measures.

At the same time, monitoring, reporting, and verification (MRV) requirements can create additional barriers when technical requirements, data collection, or reporting systems become overly complex. This challenge is likely to grow as environmental markets, results-based schemes and sustainability reporting requirements expand. Without accessible advisory support and adequate technical capacity, smaller farms may be excluded from carbon, biodiversity or ecosystem-service payments, even when they deliver real environmental benefits.

As highlighted in the **Discussion Policy Paper #6**, digital infrastructure is becoming a prerequisite for performance-based agricultural governance rather than simply a technical support tool. The expansion of carbon and nature credit markets, sustainability reporting requirements, results-based payments, and ecosystem-service schemes increasingly depend on credible, interoperable, and verifiable data. Digital monitoring systems, remote sensing, environmental modelling and decision-support tools can help reduce transaction costs and improve transparency, but they also raise questions regarding data ownership, interoperability, accessibility and trust. Without appropriate governance frameworks and support for adoption, digitalisation may create new barriers for smaller farms rather than improving access to finance and environmental markets³⁸.

Market access remains a further constraint. As developed in **Discussion Policy Paper #2**, it is argued that agroforestry value chains depend on more than farm-level production³⁹. Farmers often need processing capacity, aggregation models, certification, branding, and stable buyer relationships that individual farms cannot develop on their own. Without these enabling conditions, agroforestry systems may generate environmental and social value but fail to allow farmers to capture sufficient economic value through prices, payments, or contracts. Short supply chains, cooperatives, shared infrastructure, advance purchase agreements, ESG-aligned procurement, certification schemes, price premia, carbon farming, and nature credits can strengthen revenue stability and make agroforestry projects more credible to lenders and investors. DP#2 also highlights the role of demand creation through public procurement and emerging corporate sustainability requirements, including CSRD,

³⁷ See: Zibecchi, T. (EMEA), & Staton, T. (2026). Discussion Policy Paper #3: Advisory Services. REFOREST.

³⁸ Zibecchi, T., & Simonson, W. (2026). Discussion Policy Paper #6: Digital Infrastructure, Data Governance and Decentralised Innovation for Agroforestry. Horizon Europe Project 101060635 – REFOREST.

³⁹ Zibecchi, T., & Simonson, W. (2026). Discussion Policy Paper #6: Digital Infrastructure, Data Governance and Decentralised Innovation for Agroforestry. Horizon Europe Project 101060635 – REFOREST.

Scope 3 reporting and nature-related disclosures. These demand-side pathways are central to closing the market gap and improving the bankability of agroforestry investments. DP#2 also highlights the role of demand creation through public procurement and emerging corporate sustainability requirements, including CSRD, Scope 3 reporting and nature-related disclosures. These demand-side pathways are central to closing the market gap and improving the bankability of agroforestry investments.

The evidence presented above suggests that the agroforestry investment gap is best understood through three interconnected gaps. The first is a **valuation gap**: ecosystem services, resilience benefits, risk reduction, and long-term productivity gains remain only partially reflected in farm accounts, payment systems, and investment decisions. The second is a **financing gap**: establishment costs are immediate, while many returns emerge only gradually as agroforestry systems mature. The third is a **market gap**: farmers often struggle to capture the value generated by ecosystem services, differentiated products, and resilient production systems.

3. REFOREST SCHEME DESIGN, APPLICATION AND IMPACT ANALYSIS

3.1 THE REFOREST SUSTAINABLE FINANCING SCHEME

Building on this investment-gap diagnosis, the REFOREST Sustainable Financing Scheme provides the design foundation for the project's financing approach.

D5.4 - AF Sustainable financing scheme (2024) aligns financial support with the biological and economic cycle of agroforestry systems. It combines ex-ante payments for planning and establishment, action-based payments during implementation, results-based payments linked to verified ecosystem-service outcomes, and advisory services throughout the project cycle. This structure reflects the reality that costs arise early, while many returns depend on tree growth, system maturity and the gradual development of ecosystem services. Ex-ante payments reduce upfront barriers linked to planning, feasibility work, farm assessment, tree planting and establishment; action-based payments provide predictable support for adoption and maintenance; results-based payments reward verified outcomes such as carbon sequestration, biodiversity enhancement, soil health and water quality once these benefits become measurable; and advisory services support system design, species selection, monitoring, compliance and long-term management. D5.4 also shows that agroforestry finance cannot rely on a single source of support. CAP instruments, including eco-schemes, AECMs, investment measures, and State aid, can help cover establishment and management costs, while private actors such as agri-food companies, banks, impact investors, foundations, and carbon markets can provide complementary finance. However, the report also highlights that existing mechanisms remain fragmented, with public payments not yet systematically linked to verified environmental results, voluntary carbon markets too narrow to reward the full range of agroforestry benefits, and private-sector incentives often not explicitly connected to measurable ecosystem-service outcomes.

D5.5 - Report of AF Financing Model Application (2025) then moves from scheme design to application. It tests the relevance of the financing model against field-level evidence from the ReForest Living Labs, survey responses, and follow-up interviews, connecting the proposed

financing structure to the real conditions faced by agroforestry practitioners. The report examines land ownership patterns, farm typologies, advisory structures, CAP integration, and adoption factors across ReForest countries, showing how tenure, farm scale, institutional capacity, and access to support shape the feasibility of agroforestry financing. It also profiles the Living Labs through statistics on farm size, adoption year, organic status, livestock presence, and agroforestry system type. This is complemented by primary data from 38 survey respondents, including quantitative and qualitative barrier analyses by country and cohort, distinguishing between EU and UK respondents, AF and non-AF farmers, and first-, early-, mid-, and late-adopters. The report further includes barrier-correlation analysis across ReForest, EU, and UK samples, showing how policy uncertainty, MRV complexity, financial risk, advisory gaps, and insurance constraints reinforce each other. Six guided interviews produced ten practical takeaways on long-term finance, simpler MRV, advisory support, market access, land-use rules, flexible scheme design, and co-benefits beyond carbon.

3.2 QUANTIFYING THE SCHEME AS NEXT STEPS

A subsidy-only baseline can help farmers cover part of the establishment costs of agroforestry, but it leaves several structural challenges unresolved. Tree-based systems continue to face delayed revenue streams, limited collateral, exposure to climate and market shocks, and limited access to markets that reward environmental performance. While public support remains essential, long-term reliance on a single funding source creates vulnerability to policy changes, budget constraints and administrative complexity. Agroforestry becomes more economically viable when farmers can combine different financing instruments and capture value through diversified products, local identity, processing, short supply chains, direct sales, community-supported agriculture, agritourism, renewable energy and ecosystem-service payments.

To translate the ReForest Sustainable Financing Scheme into actionable insights, the next step involves developing a quantitative assessment framework capable of evaluating multiple financing pathways for agroforestry investments⁴⁰. Unlike a single funding decision, this framework examines how combinations of public support, private finance, risk-sharing instruments, advisory services and market-access mechanisms affect project performance over time. Using a Decision Analysis approach⁴¹ The framework measures impacts on cumulative cash flow, net present value (NPV), break-even year and return on investment (ROI), helping identify financing packages that improve bankability, strengthen resilience during the transition phase and increase investor confidence.

CAP support and public subsidies serve as the baseline scenario against which more structured financing packages are assessed. The framework tests whether adding complementary layers, such as risk-sharing instruments, concessional finance, advisory support and market-access tools, can improve financial performance over time. The central hypothesis is that diversified financing packages can accelerate break-even, strengthen bankability and reduce exposure to climate, market and policy-related risks compared with conventional financing approaches.

⁴⁰ Zibecchi, T., Kasargodu Anebagilu, P., Hajdukovic, I., Ayadi, R., & Luedeling, E. (forthcoming). Evaluating Structured Financing Frameworks for Agroforestry: A Decision Analysis Approach. Paper to be presented at EURAF 2026.

⁴¹ Zibecchi, T., Kasargodu Anebagilu, P., Hajdukovic, I., Ayadi, R., & Luedeling, E. (forthcoming). Evaluating Structured Financing Frameworks for Agroforestry: A Decision Analysis Approach. Paper to be presented at EURAF 2026.

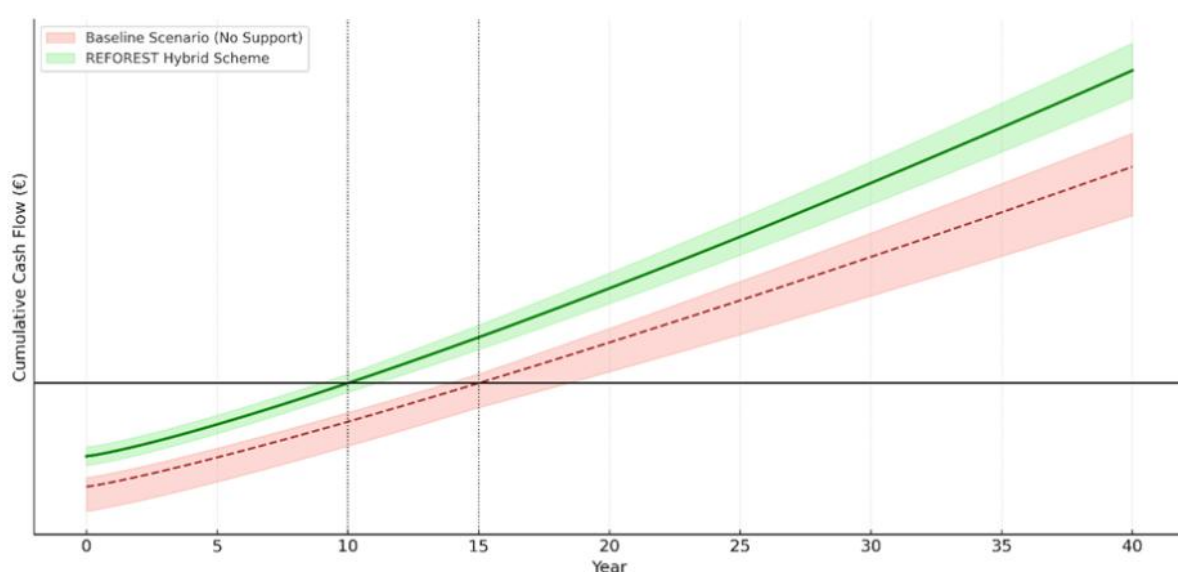


Fig.1 Cumulative Cash Flow under Alternative Agroforestry Financing Scenarios. Source: Zibecchi, T. (2025). Mapping Report on Agroforestry Sector Finance and Policy III (Deliverable D5.3). Horizon Europe Project 101060635 – REFOREST⁴².

Figure 1 illustrates the resulting cumulative cash flow patterns across these scenarios, highlighting how structured financing can accelerate break-even, reduce risk exposure and improve long-term returns for agroforestry practitioners. In the current application, six scenarios are compared: traditional bank loans without subsidies; no loans and no subsidies; traditional bank loans with subsidies; subsidies without loans; the structured financing framework without subsidies; and the structured financing framework combined with subsidies. Each scenario is assessed based on its effects on cumulative cash flow, net present value, break-even year, and return on investment.

The decision tree organises the analysis around four main layers: capital structure, risk mitigation, advisory and partnership support, and market access⁴³. This structure allows the framework to test how different combinations of finance, de-risking, advisory support and revenue-enhancing mechanisms affect agroforestry viability over time. It also links directly to the three gaps identified in this brief by integrating ecosystem-service valuation, alternative financing structures and market-access tools into a single assessment framework.

The policy implication is clear. Agroforestry finance should be designed as an investment architecture rather than a set of isolated grants. CAP payments can provide the foundation, but they should be linked to development finance, risk-sharing instruments, advisory services, proportionate MRV and market-based revenues. This would allow public support to reduce transition risk, crowd in

⁴² See: Zibecchi, T. (EMEA), Bauza, A., & Ghaley, B. B. (2026). Discussion Policy Paper #4: Economic Performance, Valuation and the Business Case for Agroforestry. Horizon Europe Project 101060635 – REFOREST.

⁴³ The decision tree distinguishes between own capital, commercial loans, development-bank finance and impact or blended finance; risk-mitigation instruments such as guarantees, first-loss mechanisms and insurance; advisory, digital and cooperative support; and market-access tools such as advance purchase agreements, ESG procurement, certification and price premia.

complementary capital and create more stable conditions for farmers to invest in agroforestry over long term.

Box 2. Three Priorities for the Post-2027 CAP

While the recommendations presented in this brief address different aspects of agroforestry implementation, three priorities should guide the design of the post-2027 CAP.

Support Agroforestry Across the Full Funding Cycle

Agroforestry requires upfront investment while many financial and environmental returns emerge gradually over time. Post-2027 CAP support should therefore move beyond short-term establishment grants and provide phased support that combines ex-ante assistance, transition payments, results-based incentives, advisory services and risk-sharing mechanisms. Aligning support with the biological and economic development of agroforestry systems can improve cash flow, reduce transition risk and strengthen long-term viability.

Reward Verified Ecosystem-Service and Resilience Outcomes

Agroforestry generates benefits that extend beyond agricultural production, including carbon storage, biodiversity enhancement, water regulation, soil health and climate resilience. These benefits should be recognised through robust valuation approaches, financial modelling tools, results-based payments, ecosystem-service contracts and emerging carbon and nature markets. Strengthening MRV systems and verification frameworks is essential to ensure credibility, transparency and investor confidence.

Create Market Conditions that Attract Investment

Long-term agroforestry expansion depends on farmers being able to capture value through both markets and ecosystem-service payments. This requires stronger value chains, processing infrastructure, producer cooperation, public procurement, ESG-aligned sourcing, certification schemes and corporate partnerships. Improving market access and demand can increase revenue stability, enhance project bankability and encourage greater participation from private investors and financial institutions.

Table 7. Box 2. Three Priorities for the Post-2027 CAP. Source: Authors' own elaboration.

4. POLICY RECOMMENDATIONS

The recommendations below build on the investment-gap diagnosis developed in this brief and focus on the conditions needed to make agroforestry financially viable, investable and scalable. They are organised around the need to align finance with the development cycle of agroforestry systems, reduce dependence on narrow and unstable funding sources, improve valuation and verification of ecosystem services, and strengthen market pathways that allow farmers to capture a fairer share of the value they generate.

Together, the recommendations move beyond a subsidy-only approach. They do not propose replacing public support with private finance but using CAP and complementary public instruments

more strategically to reduce risk, mobilise additional capital, support advisory and MRV capacity, and create the conditions for long-term investment in agroforestry.

1. Bridge the early-year cash-flow gap with phased finance

Agroforestry investments face a structural timing mismatch between upfront costs and delayed returns. Farmers must finance planning, establishment and early management years before tree-based revenues and many ecosystem-service benefits become measurable, creating liquidity pressures that discourage adoption. Post-2027 CAP and complementary finance should therefore support agroforestry across its full transition cycle through ex-ante, action-based and results-based payments. Combined with advisory support, this phased approach would improve cash flow, reduce transition risk and strengthen long-term project viability.

Level	EU framework with Member State implementation through National and Regional Partnership Plans (NRPPs), CAP-funded Agri-Environmental Climate Actions (AECAs), investment support, advisory services and complementary financing mechanisms.
Lead institutions	-European Commission (DG AGRI and DG CLIMA) (CAP guidance and alignment with financing frameworks) -National managing authorities and paying agencies (scheme design, implementation, payment delivery) - Development banks, commercial banks, cooperative banks and financial intermediaries (co-financing) - Advisory organisations, AKIS actors and Living Labs (farm planning, implementation support and knowledge transfer)
Key actions	- Provide ex-ante support for feasibility assessments, system design and establishment costs - Provide action-based payments to support implementation, maintenance and early management activities - Introduce results-based payments linked to verified environmental outcomes once ecosystem benefits become measurable, recognising that timelines vary across agroforestry systems, environmental indicators and regional contexts. - Integrate phased agroforestry support within AECAs, investment measures, advisory services and risk-management instruments under post-2027 CAP implementation frameworks - Combine CAP payments with blended finance, seed/VC-style instruments, and guarantees to reduce early-year risk - Encourage Member States to develop dedicated agroforestry transition packages combining establishment support, action-based payments, advisory services and risk-sharing mechanisms under National and Regional Partnership Plans.
Expected benefits	-Reduced cash-flow constraints and financial risks during the transition to agroforestry -Improved continuity of support across the establishment and management phases

	-Increased uptake and long-term maintenance of agroforestry system - Improved project bankability and investor confidence
Main beneficiaries	-Farmers through improved liquidity and reduced financial risk during the transition period -Member States through more effective use of CAP support and higher uptake of agroforestry measures - Paying agencies through clearer sequencing and administration of different payment mechanisms - European Commission through improved delivery of CAP climate, biodiversity, and rural development objectives

2. Use CAP support as catalytic capital for wider investment

CAP support should remain central to agroforestry expansion, but its role should go beyond direct payments and establishment support. In the post-2027 CAP, public funding should act as catalytic capital, reducing investment risk and creating the conditions for complementary finance from development banks, commercial lenders, cooperative banks, philanthropic actors, value-chain partners and impact investors. This would allow CAP instruments to support adoption while also building a more diversified and resilient financing ecosystem for agroforestry.

Level	EU framework with Member State implementation through NRPPs, CAP-funded AECAs, investment support, advisory services, risk-management instruments, and complementary blended finance mechanisms.
Lead institutions	-European Commission (DG AGRI and DG CLIMA) (CAP guidance and coordination with complementary financing frameworks) -National managing authorities and paying agencies (integration of CAP support with complementary financing instruments) - Development finance institutions, commercial banks and cooperative banks (co-financing and resource mobilisation) -Financial institutions and investment intermediaries (delivery of complementary finance) - Advisory organisations and AKIS actors (technical support and investment readiness)
Key actions	-Design CAP interventions to complement rather than replace private finance, in order to mobilise additional investment for agroforestry - Facilitate blended finance approaches that combine public support with loans, guarantees, and other complementary private financing instruments -Establish financing partnerships and aggregation platforms to pool small and medium-sized agroforestry projects - Link CAP support with guarantees, insurance and other risk-sharing instruments to improve project bankability and reduce investor uncertainty
Expected benefits	-Increased investment in agroforestry beyond CAP funding alone -Improved access to finance for farmers transitioning to agroforestry -More efficient use of public funds through mobilisation of private capital -Greater long-term financial sustainability of agroforestry systems

Main beneficiaries	-Farmers through improved access to diversified sources of finance for agroforestry projects -Member States through more efficient use of CAP resources and increased uptake of agroforestry measures -Financial institutions and investment intermediaries through a stronger pool of investable agroforestry projects - Banks and investors through a stronger pipeline of investment-ready agroforestry projects
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3. Share transition risk through de-risking and blended finance mechanisms

Transition risk remains a major barrier to agroforestry investment. Farmers face high establishment costs, delayed revenues, limited collateral and exposure to climate and market shocks, while lenders often lack experience with mixed tree-crop systems and long payback periods. Guarantees, first-loss capital, concessional loans, grace periods, tailored insurance, and blended-finance structures should therefore be used to share risk among farmers, public institutions, financial actors, and value-chain partners. This would improve access to finance, reduce perceived risk and make agroforestry more attractive to banks and investors.

Level	EU framework with Member State implementation through NRPPs, CAP-funded risk-management instruments, national guarantee schemes, blended finance and complementary public-private financing mechanisms.
Lead institutions	-European Commission (DG AGRI and DG CLIMA) (policy guidance and CAP alignment) -National managing authorities and paying agencies (oversight of risk-sharing instruments in CAP support) -Development banks, commercial banks, and cooperative banks (provision of guarantees, concessional loans, and first-loss capital) - Insurance providers, guarantee funds and mutual-risk schemes (climate and weather risk coverage) -Advisory organisations and Living Labs (technical support and design of risk instruments)
Key actions	- Pilot agroforestry-specific guarantee facilities through national promotional banks and development finance institutions. -Provide concessional loans with longer repayment periods and grace periods aligned with agroforestry establishment cycles - Develop climate and weather insurance products tailored to mixed tree-crop and tree-livestock systems. -Use advance purchase agreements and long-term sourcing contracts to stabilise early cash flows -Integrate CAP support with these risk-sharing mechanisms to enable blended finance for early-stage adopters
Expected benefits	-Reduced collateral requirements and financing barriers -Improved access to credit for small and medium-sized farms -Lower perceived investment risk for lenders and investors

	-Greater resilience to climate and market shocks -Increased private-sector participation in agroforestry finance
Main beneficiaries	-Farmers through improved access to finance and reduced exposure to financial risk -Banks and investors through lower default risk and stronger project performance -Insurance providers through more structured risk-management frameworks -Member States through increased uptake of agroforestry and more effective use of public support

4. Mobilise banks, development finance and investment platforms

Many agroforestry projects remain too small and fragmented to attract institutional finance on a standalone basis. Dedicated investment platforms can aggregate projects, standardise due diligence, and create pipelines that are better suited to development banks, cooperative banks, commercial lenders, and impact investors. This can help address a major financing constraint, as agroforestry projects are often too small, complex or long-term to fit conventional lending models. These platforms should involve development banks, national promotional banks, cooperative banks, regional public finance bodies, crowdfunding platforms and financial intermediaries. Combining CAP support with concessional credit, guarantees, first-loss capital, technical assistance, and advisory support can improve project preparation, reduce lenders' risk, and connect public support with complementary sources of capital. Acting as a bridge between post-2027 CAP instruments and private finance, these platforms can expand investment without shifting transition risk solely onto farmers.

Level	EU framework with Member State implementation through NRPPs, CAP-funded investment support, AECAs, blended finance mechanisms and complementary national/regional financing schemes
Lead institutions	-European Commission (DG AGRI and DG CLIMA) (policy guidance and CAP alignment) -European Investment Bank and national promotional banks (investment and risk-sharing platforms) -Development finance institutions and cooperative banks (co-financing and technical assistance) -Regional public finance bodies and national managing authorities (programme administration and integration) -Advisory organisations and AKIS actors (project preparation and implementation support)
Key actions	-Establish thematic investment platforms for aggregating small and medium-sized agroforestry projects -Provide concessional loans, guarantees and first-loss mechanisms to reduce risk for private investors -Facilitate technical assistance, advisory support and access to blended finance instruments -Align investment platforms with CAP post-2027 implementation frameworks and complementary financing mechanisms

	-Support financing for infrastructure linked to agroforestry value chains, including processing, storage and logistics
Expected benefits	-Increased mobilisation of private and development finance for agroforestry -Lowered investment risk and improved bankability of agroforestry projects -Reduced transaction costs for small and medium-sized farms -Improved integration between public CAP support and private capital
Main beneficiaries	-Farmers, through improved access to finance and reduced investment risk -Banks and investors, through larger, de-risked portfolios -National and regional authorities, through more efficient allocation of CAP and complementary funds -Advisory organisations and AKIS actors, through strengthened roles in project delivery

5. Improve investment readiness through valuation, modelling and decision-support tools

Limited evidence on profitability and cash-flow performance remains a barrier to agroforestry investment. Farmers, lenders, and public authorities often lack the information needed to assess how agroforestry systems perform over time, including their effects on cash flow, break-even points, ecosystem service value, and risk reduction. The post-2027 CAP should support standardised financial modelling and decision-support tools that translate long-term environmental and economic benefits into practical business cases. This would improve investment readiness, reduce uncertainty and support better financing decisions.

Level	EU framework with Member State implementation through NRPPs, CAP-funded investment support, AECAs, results-based payments, and complementary blended finance mechanisms.
Lead institutions	-European Commission (DG AGRI and DG CLIMA) (policy guidance and CAP alignment) -National managing authorities and paying agencies (data integration and programme monitoring) -Research organisations and Living Labs (modelling support, scenario analysis, data collection) -Financial institutions and development banks (integration of modelling outputs into lending decisions)
Key actions	-Deploy financial modelling, decision-support and ecosystem-service valuation tools, including FarmTree, to assess cumulative cash flows, break-even periods, investment risk and long-term environmental value. - Develop standardised agroforestry investment templates for use by farmers, advisors, banks and public authorities. -Integrate ecosystem-service valuation into financial assessments for CAP-supported and private financing instruments -Use standardised NPV, cash-flow and scenario models across Member States to facilitate comparability and investment readiness -Link modelling outputs to advisory services and blended finance mechanisms to guide farm-level decision-making

	-Incorporate post-2027 CAP parameters, including AECAs, investment support and risk-management instruments, into financial models
Expected benefits	-More robust business cases that capture both financial and ecological value -Reduced uncertainty for investors and lenders -Increased uptake of blended finance instruments for agroforestry -Improved alignment between CAP support, advisory services and investment decisions
Main beneficiaries	-Farmers, through clearer financial planning and improved access to finance -Financial institutions and investors, through better information and reduced risk -National and regional authorities, through more effective allocation of CAP and complementary resources -Research organisations and Living Labs, through strengthened use of modelling and advisory capacity

6. Turn ecosystem-service value into payments and contracts

Ecosystem services generated by agroforestry systems should be recognised through structured payments and contracts linked to verified outcomes. Farmers should be able to capture part of the value they generate for society, supply chains and climate adaptation, using mechanisms that are credible, proportionate and practical to implement. This requires robust but accessible MRV systems, supported by accredited verification bodies and standardised ecosystem-service indicators. Verified outcomes should then be translated into payment units that can be integrated into CAP results-based schemes, supply-chain contracts, ESG-aligned procurement and emerging carbon and nature markets. This would help farmers access revenue streams beyond product sales while giving public authorities, buyers, and investors greater confidence that payments reflect measurable ecosystem service delivery.

Level	EU framework with Member State implementation through NRPPs, CAP-funded AECAs, results-based payments, ecosystem-service contracts, and complementary blended finance mechanisms.
Lead institutions	-European Commission (DG AGRI and DG CLIMA) (policy guidance and integration with CAP instruments) -National and regional managing authorities (programme implementation, payment delivery, and verification oversight) -Accredited verification bodies (MRV and ecosystem-service validation, including blockchain or standardised indices) -Advisory organisations and Living Labs (technical support, project design, and monitoring guidance) -Private actors including buyers and certification schemes (contract design and payment implementation)
Key actions	-Introduce results-based payments tied to verified ecosystem-service outcomes (carbon, biodiversity, water, soil) -Integrate nature credits and blockchain platforms to certify and monetise ecosystem services

	-Use standardised ecosystem-service indices to quantify and standardise outcomes across farms -Align ecosystem-service payments with CAP post-2027 instruments, supply-chain agreements, and ESG contracts -Develop replicable contract templates to scale payments and reduce administrative burden for farmers -Combine advisory support and MRV systems to increase transparency and investor confidence
Expected benefits	-Farmers gain revenue from ecosystem services in addition to product sales -Stronger incentives for adoption and maintenance of agroforestry systems -Transparent, standardised verification and monitoring of environmental outcomes -Reduced investor risk through measurable ecosystem-service outcomes -Greater confidence of buyers, investors, and public finance actors
Main beneficiaries	-Farmers through access to payments for carbon, biodiversity, water, and soil outcomes -Investors, buyers, and certification bodies through reliable, verifiable ecosystem-service outcomes -National and regional authorities through improved CAP implementation and environmental outcomes -Advisory organisations and Living Labs through strengthened technical support and verification role

7. Strengthen agroforestry value chains and incentivise private co-investment

Economic viability remains a key constraint to agroforestry adoption due to limited market access, insufficient local processing capacity, and uncertain demand for products such as timber, fruit, nuts, and fodder. Long-term uptake depends on farmers being able to generate a reliable income from these products and attract investment into processing and market development. Large value-chain actors, including agri-food companies, processors, retailers, and ESG-focused investors, can support agroforestry through sourcing partnerships, insetting programmes, technical assistance, and investments.

Level	EU framework with Member State implementation through NRPPs, CAP Strategic Plans, rural development programmes, and complementary blended finance mechanisms.
Lead institutions	-European Commission (DG AGRI, DG ENV, DG GROW) (policy coordination, CAP guidance, and market facilitation) -National managing authorities (programme funding, implementation, and investment oversight) -Regional authorities and ministries of agriculture (local infrastructure and value-chain development support)

	-Producer organisations and cooperatives (product aggregation, collective marketing, and coordination) -Advisory organisations and Living Labs (technical support, market intelligence, and financial guidance)
Key actions	-Provide targeted investment support for local processing, storage, and marketing infrastructure where market access is constrained - Align agroforestry ecosystem-service payments with CAP results-based schemes, CRCF implementation, corporate sustainability reporting and voluntary nature markets -Support producer organisations and cooperatives to aggregate, market, and sell agroforestry products collectively -Encourage long-term sourcing contracts, inseting programmes, and ESG-aligned procurement by value-chain actors -Link market access initiatives to advisory services and blended finance mechanisms to increase revenue predictability -Promote inclusion of agroforestry products in public procurement schemes where relevant -Develop training, guidance, and digital tools to help value-chain actors and farmers integrate agroforestry products effectively
Expected benefits	-Improved market access and diversified income streams for agroforestry farmers -Increased uptake and long-term maintenance of agroforestry systems -Stronger local value chains, processing capacity, and rural employment -Greater investor and corporate confidence in agroforestry products
Main Beneficiaries	-Farmers through improved market access and diversified income streams -Cooperatives and producer organisations through stronger market coordination and bargaining power -Private value-chain actors through more resilient and diversified supply chains -Rural communities through local processing activities and employment opportunities -Member States through stronger rural development outcomes and increased agroforestry uptake

8. Strengthen market access and demand for agroforestry products

Farmers will not invest in agroforestry at scale unless they can capture value through reliable markets, differentiated products and long-term buyer relationships. Agroforestry products often fall outside conventional commodity chains and require stronger links with processors, retailers, public buyers, cooperatives and certification bodies. Demand-side measures should therefore support product recognition, traceability, public procurement, ESG-aligned sourcing and consumer awareness. These tools can help generate price premia, improve revenue stability and expand markets for diversified agroforestry products, while encouraging value-chain actors to co-invest in processing, logistics and long-term sourcing arrangements.

Level	EU framework with Member State implementation through NRPPs, CAP-funded AECAs, rural development programmes, and complementary blended finance mechanisms that support market development and consumer engagement.
Lead institutions	-European Commission (DG AGRI, DG ENV, DG GROW) providing policy guidance, CAP alignment, and market development support -National and regional managing authorities overseeing programme funding and implementation -Regional authorities and ministries of agriculture supporting local value-chain development and infrastructure -Producer organisations and cooperatives managing aggregation, marketing, and short-chain logistics -Advisory organisations and Living Labs providing technical support, market intelligence, and consumer engagement guidance
Key actions	-Provide targeted investment support for local processing, storage, and marketing infrastructure -Support cooperatives and producer organisations in aggregating, marketing, and selling agroforestry products - Support local processing, storage and logistics infrastructure for agroforestry products - Promote long-term sourcing contracts, insetting programmes and ESG-aligned procurement by agri-food companies -Develop product labelling, certification, and traceability systems to improve consumer recognition -Conduct consumer awareness campaigns highlighting environmental and social benefits -Connect market development initiatives with blended finance and CAP support to improve revenue predictability
Expected benefits	-Farmers gain more stable revenue and diversified income -Consumer awareness and demand for agroforestry products increases -Local value chains become stronger and rural employment grows -Uptake and long-term maintenance of agroforestry systems improves -Investors gain confidence through market-verified and recognised products
Main beneficiaries	-Farmers through improved value capture and diversified income opportunities -Consumers through increased access to sustainably produced products -Producer organisations and cooperatives through stronger market positioning -Member States through stronger rural development outcomes and increased uptake of agroforestry measures -EU policy system through better alignment between market demand and environmental objectives

5. CONCLUSION

Agroforestry sits at the intersection of many of Europe's strategic priorities. It can simultaneously contribute to climate mitigation, climate adaptation, biodiversity restoration, soil health, water resilience, rural development, and long-term food security. Yet investment in agroforestry remains limited because financing structures do not reflect how these systems work in practice. Costs arise early, returns develop over time, and many benefits are still not recognised in the way agricultural support, financial products and markets are designed.

The post-2027 CAP provides an opportunity to address these barriers through a more integrated approach. Public support will remain essential, particularly during the establishment and transition phases. However, long-term scaling will also depend on mobilising a wider ecosystem of actors, including development banks, commercial lenders, landowners, impact investors, insurers, philanthropists, advisory organisations, agri-food companies and ecosystem-service markets.

The objective should not be to replace public support with private finance, but to use public policy strategically to reduce risk, improve investment conditions and unlock additional sources of capital. The ReForest Sustainable Financing Scheme offers one possible pathway. It shows how upfront support, transition payments, results-based incentives and advisory services can be combined with blended finance and de-risking mechanisms to better reflect the long-term development cycle of agroforestry systems. Its wider contribution is to show that agroforestry finance must be designed around resilience, natural capital enhancement and sustainable productivity, rather than short-term output alone.

Looking ahead, the question is no longer whether agroforestry creates value, but whether existing agricultural, financial and market systems are capable of recognising and rewarding it. The success of the post-2027 CAP will depend not only on the level of support provided, but also on Member States' ability to create the conditions for long-term investment, innovation, and collaboration. If these conditions are met, agroforestry can move beyond marginalisation and become a strategic component of Europe's transition towards a more resilient, competitive and sustainable agri-food system.

6. APPENDIX 1: REFERENCES AND RELATED DOCUMENTS

ID	Reference or Related Document	Source or Link/Location
1	Ceglar, A., Marques, A., Boldrini, S. et al. European banks face significant vulnerability to ecosystem degradation and climate change. <i>Commun Earth Environ</i> 6, 750 (2025).	https://doi.org/10.1038/s43247-025-02543-3
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6	McDonald, H., Freluh-Larsen, A., Lóránt, A., Duin, L., Pyndt Andersen, S., Costa, G., & Bradley, H. (2021). Carbon farming: Making agriculture fit for 2030. European Parliament.	https://www.europarl.europa.eu/RegData/etudes/STUD/2021/695482/IPOL_STU(2021)695482_EN.pdf
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10	Zibecchi, T., Schmitt, J., Hassler, M., Borek, R., & Radzikowski, P. (2026). Discussion Policy Paper #2: Market Integration, Value Chains and Demand Pathways for Agroforestry. Horizon Europe Project 101060635 – REFOREST.	Discussion Policy Paper #2 - Market Integration, Value Chains and Demand Pathways for Agroforestry - EMEA
11	Zibecchi, T., & Staton, T. (2026). Discussion Policy Paper #3: Advisory Services as Implementation Infrastructure for Agroforestry Transition. Horizon Europe Project 101060635 – REFOREST.	Discussion Policy Paper #3 - Advisory Services as Implementation Infrastructure for Agroforestry Transition - EMEA
12	Zibecchi, T., Bauza, A., & Ghaley, B. B. (2026). Discussion Policy Paper #4: Economic Performance, Valuation and the Business Case for Agroforestry. Horizon Europe Project 101060635 – REFOREST.	
13	Zibecchi, T. (2026). Discussion Policy Paper #5: Building the Investment Case for Agroforestry. Horizon Europe Project 101060635 – REFOREST.	Discussion Policy Paper #5 - Building the Investment Case for Agroforestry - EMEA
14	Zibecchi, T., & Simonson, W. (2026). Discussion Policy Paper #6: Digital Infrastructure, Data Governance and Decentralised Innovation for Agroforestry. Horizon Europe Project 101060635 – REFOREST.	Discussion Policy Paper #6 - Digital Infrastructure, Data Governance and Decentralised Innovation for Agroforestry - EMEA