

MAY 2025



Institutional Adaptation and Capacity towards the CAP

A Climate Adaptation Policy Blueprint: Systems Approach to Ukraine's European Union Integration

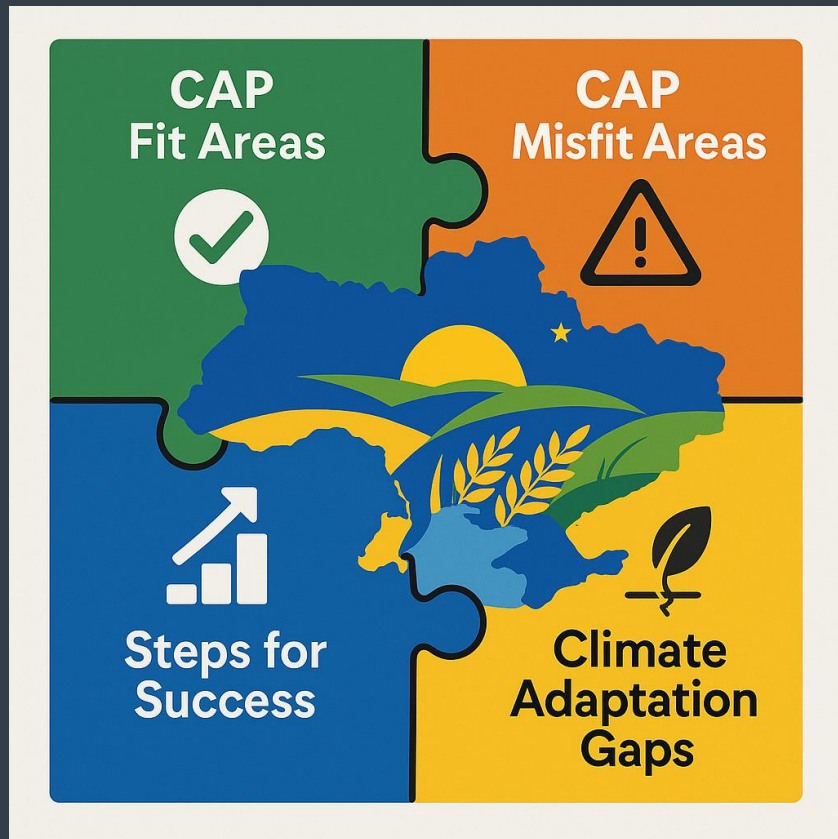
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Purpose

Support Support Ukrainian participation in the Common Agricultural Policy (CAP) through:

- Finding areas where Ukraine's farming fits well with CAP
- Finding areas where Ukraine's farming doesn't fit well with CAP
- Giving clear steps to help Ukraine succeed in CAP
- Supporting climate change actions through CAP, while noting gaps in the CAP



Overview

- Ukraine's EU journey and CAP alignment challenges
- Assessment of key risk factors: urgency, readiness, and feasibility
- Comparing **CAP Objectives** with Ukraine's current farming situation
- Finding the biggest barriers to joining CAP
- Suggesting solutions for building better farming systems
- Action plan with clear steps and funding options

Assessment Framework

- We look at three main areas:
 - Urgency: Issues that need action right away
 - Readiness: How prepared Ukraine's farming is now
 - Feasibility: How realistic it is to make needed changes
- This approach helps decide what to tackle first
- Focus on big-picture systematic challenges rather than small problems

Assessment Framework



Urgency Assessment: Critical Findings

- Delays in aligning with CAP could slow down Ukraine's EU membership
- Climate resilience increasingly vital as Ukraine faces:
 - Rain-fed agriculture risks
 - Climate change impacts
 - Soil health worsening due to conventional farming intensification
- Post-war rebuilding offers a chance to transform farming systems

Readiness Assessment: Critical Findings

- Very low organic farming adoption (lowest among potential EU members)
- We don't know enough about civil service capacity (no surveys since 2018)
- Laws are changing to match EU rules, but it's unclear how well they're working

Feasibility Assessment: Critical Findings

- War has reduced the farming workforce (Demographics)
- Fewer young people want farming careers
- Risk of a few wealthy people controlling most farmland
- Poor land ownership records make fair management hard
- Limited Ukrainian processed food products ready for EU markets
- Small family farms are especially at risk during the transition

Common Agricultural Policy: Core Objectives



Climate Change Action: Alignment Analysis

Good fits:

- Programs for organic farming and better pest control
- Organic Agriculture, Agroecology, etc. methods included
 - Agroforestry and precision agriculture potential
- Support for small-scale irrigation

Poor fits:

- Large-Scale Irrigation problems (Kakhovka Dam) need fixing
 - After EU Accession, environmental studies would be needed
- Barriers to precision farming (cost, knowledge, infrastructure)
- Need for local ownership and open technology
- Limited technical skills
 - Even in the EU, 37% of workers lack digital skills



Knowledge and Innovation: Alignment Analysis

Good fits:

- SWOT analysis tool for farming system assessment -> leads to Strategic Plan for Ukraine
- EU (EAFRD) funding for technical help and capacity building
- Networks for sharing knowledge

Poor fits:

- Limited funding (CAP technical help capped for Members receiving €1.1 billion or more) – having a large member state with limited capacity does not fit well with EU precedent



Structural Change/Generational Renewal: Alignment Analysis

Good fits:

- Income support for young farmers
- Rural development programs (EAFRD)
- Chance for Ukraine to create its own programs – Ukraine's Strategic Plan

Poor fits:

- Rising land prices make it hard for young farmers to start
 - This is also a problem in the EU with no clear solution
- War has changed who's available to work in farming
- Each EU country handles this differently
 - Ukraine needs its own approach

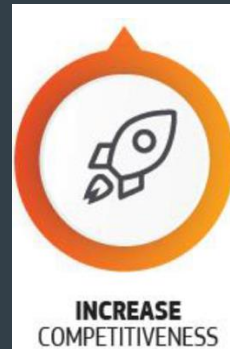


Competitiveness: Alignment Analysis

Seen as a way to increase crop yields sustainably

Poor fits:

- Ukraine has re-intensified farming since 2000
- War has pushed focus to export crops
- Limited farming supplies going mostly to export crops since the invasion
 - Conventional agriculture – poorly adaptive to climate concerns
- Very low organic farming adoption – would be lowest in the EU
- Possible disruption of trade with non-EU countries
 - Different trade deals with EU
 - Egypt, India, China, Saudi Arabia, Turkey
 - Ukraine might lose out in key non-EU export markets



Food Value Chains: Alignment Analysis

Good fits:

- Strong farm-to-consumer networks perhaps strongest in Europe
- Potential for rural areas to make more value-added products

Poor fits:

- Underdeveloped system for Protected Designations of Origin (PDOs),
- Few Protected Geographical Indications (PGIs) for Ukrainian products
- Disbalance: Ukraine recognizes 3,000 EU indications
via association agreement; EU recognizes 0 from Ukraine
- Small producers face barriers to get geographical indications (GIs)



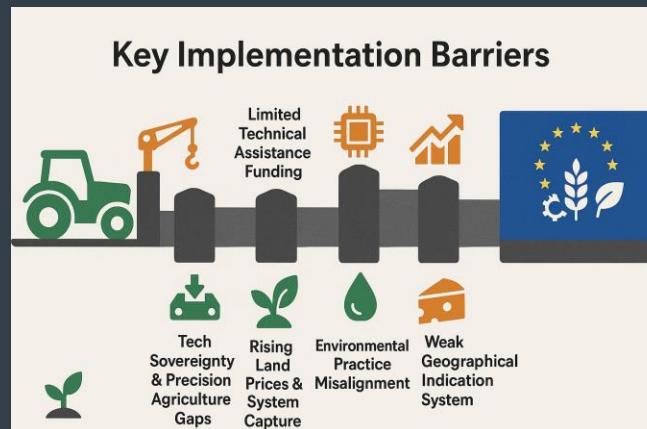
REBALANCE
POWER IN
FOOD CHAIN

Key Implementation Barriers

- Kakhovka Dam rebuilding may be difficult within the EU
- Risk of continued imbalance economically for eastern member states in precision farming through limited technology access, ownership
- Limited funding for technical help in large recipients of CAP funds
- Rising land prices and risk of large companies taking over
- Gaps in environmental practices, especially organic farming
- Disruption of current trade relationships with non-EU partners
- Underdeveloped system for Geographical Indications (GIs)

Also:

- Risk of poor adaptation even following CAP perfectly
- Risk of disrupting EU internal agricultural trade



Irrigation Infrastructure: Proposed Solution

- Decide if Kakhovka Dam needs to be rebuilt
- Start rebuilding before joining EU to avoid regulatory conflicts
- OR Negotiate special provisions during EU talks about large-scale irrigation
- Look for non-EU funding (EIB, AsDB?, AIIB? – expertise in dam construction) for rebuilding

Tech Sovereignty: Proposed Solution

Create targeted support for smaller farms

- Poor family farm access to low-risk financing/grants for precision farming

During EU Talks - to avoid problems seen in other eastern EU countries:

- Negotiate knowledge sharing requirements
- Negotiate for local ownership of technology
- Require open-source software and hardware solutions

Technical Assistance Funding: Proposed Solution

Address Ukraine's unique position as potential largest EU member with significant needs

For immediate CAP access:

- Negotiate increased support and funding opportunity
- Use Structural and Cohesion Funds outside of CAP

For gradual CAP inclusion:

- Less CAP funds would be available
- Focus more on Structural and Cohesion Funds
- Create additional framework: technical assistance coordination between EU and Ukraine

Land Prices and System Capture: Proposed Solution

- Improve land cadastral map with public access
 - Create system to track ownership patterns
 - Implement multiple independent reviews of land consolidation
 - Investigate shell company land ownership and prevent abuse
- Develop laws against land speculation (higher taxes on short-term holdings)
- Create CAP-compliant programs for land access (zero-interest loans, young farmer grants) - customized for Ukraine's Strategic Plan

Environmental Practices Gap: Proposed Solution

- Need to address this quickly
- Recognize Ukraine's mixed environmental record:
 - (+) Lower fertilizer use per hectare than some EU members
 - (-) Lower organic farming percentage than all EU Member States
- Multi-part solution, working with other initiatives

Trade Relationships: Proposed Solution

- Push for EU renegotiation of trade agreements with Ukraine's key non-EU partners during accession
- Focus on keeping strategic relationships with Egypt, India, Saudi Arabia, and Turkey
- Address risk of being replaced by Russian agricultural exports
- Consider alternatives:
 - Phased integration into common market - gradual CAP

Geographical Indications Development: Proposed Solution

Implement quick, intentional, and subsidized promotion of geographical indications - maximize the number possible

- Target support to small-scale and cottage industries
- Create simplified application process for small producers

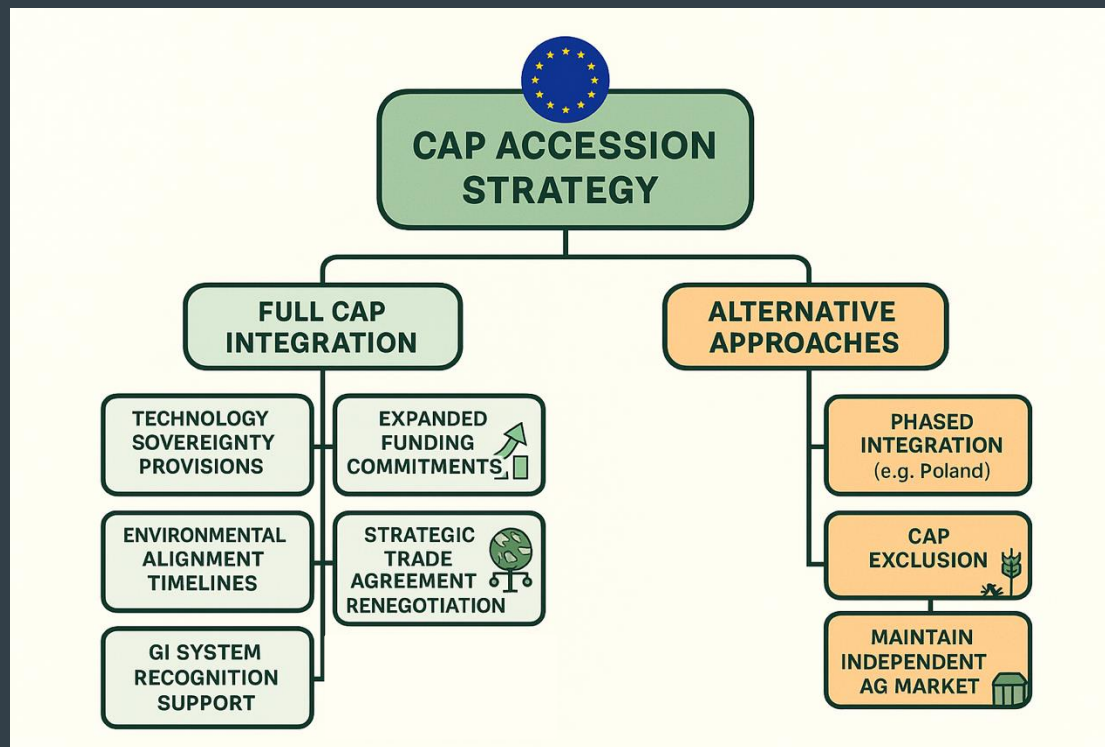
Develop strategic marketing for Ukrainian products in EU market

- Consider Ukrainian product labeling strategy with careful weighing of pros/cons

Current Priorities – Near Future

- Conduct comprehensive civil service survey to inform CAP-required SWOT analysis -> informs Ukraine's Strategic Plan
- Determine whether to rebuild Kakhovka Dam
 - Secure funding from non-EU sources for irrigation
- Begin independent land consolidation evaluations
- Establish organic farming/agroecology support programs
- Begin geographical indication documentation and application process
- Create monitoring framework for implementation progress

Negotiation Priorities towards CAP



Negotiation Priorities – EU Accession

- Secure technology sovereignty provisions to address precision farming, tech
- Obtain substantial technical assistance and capacity building funding commitments beyond normal limits
- Negotiate agreement to preserve trade with key non-EU partners
 - Renegotiate bilateral trade agreements with non-EU partners
- Secure support for geographical indication processing and recognition
- Negotiate appropriate timelines for environmental practice alignment and financial support

OR

- Negotiate graduated entry to the CAP
- Negotiate exclusion from the CAP and single market for agricultural goods

Funding Mechanisms

Before joining EU:

- Pre-accession funds for institutional development
- EIB? AsDB? AIIB? financing for Dam reconstruction

After joining EU:

- CAP Pillar 1: Direct payments and market measures
- CAP Pillar 2: Rural development programs
- Structural Funds and Cohesion Funds
- Just Transition Fund for climate adaptation in agriculture

Questions?

"Why is the Kakhovka Dam so important for Ukraine's agricultural system?"

"What specific geographical indications (GIs) could Ukraine pursue for its products?"

"How would excluding Ukraine from the CAP impact its EU membership process?"

"What precedents exist for phased agricultural integration in previous EU expansions?"

"Given Ukraine's large agricultural sector, how might its inclusion affect existing CAP budgets for current member states?"

"How are corruption concerns addressed in land ownership transparency?"

"How would the proposed solutions affect small vs. large farms differently?"

"What specific digital infrastructure improvements would be needed in rural areas?"

"What lessons can be learned from Poland's agricultural integration experience?"

"How would Ukraine's grain exports to non-EU countries be affected by CAP regulations?"

"What specific capacity building would be needed in Ukraine's agricultural ministry?"