



Study on funding for EU rural areas

Final Report



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List of acronyms

AECM	Agri-Environment-Climate Measure
ANC	Areas with Natural Constraints
AT	Austria
BG	Bulgaria
BISS	Basic Income Support for Sustainability
CAP	Common Agricultural Policy
CF	Cohesion Fund
CLLD	Community-Led Local Development
CMEF	Common Monitoring and Evaluation Framework
CMO	Common Market Organisation
CRISS	Complementary Redistributive Income Support for Sustainability
CS(R)	Case Study (Report)
CSP	CAP Strategic Plan
CZ	Czechia
DE	Germany
EAFRD	European Agricultural Fund for Rural Development
EFA	Ecological Focus Areas
EIP	European Innovation Partnerships
EIP-AGRI	European Innovation Partnership for agricultural productivity and sustainability
EMFF	European Maritime and Fisheries Fund
ENRD	European Network for Rural Development
ERDF	European Regional Development Fund
ES	Spain
ESF	European Social Fund
ESIF	European Structural and Investment Fund
ESQ	Evaluation Study Question
FA	Focus Area
FI	Finland
FR	France
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HR	Croatia
IAS	Inner Areas Strategy
ICT	Information and Communication Technologies
IE	Ireland
IT	Italy
JRC	Joint Research Center
JTF	Just Transition Fund
LAG	Local Action Group
LAU	Local Administrative Units
LDS	Local Development Strategies
LTVRA	Long Term Vision for Rural Areas
M	Measure
MS	Member State
PT	Portugal
RD	Rural Development
NUTS	Nomenclature des Unités Territoriales Statistiques
RDP	Rural Development Programmes
RO	Romania
RRF	Recovery and Resilience Facility
SME	Small and Medium Enterprises

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Abstract

This study on funding for EU rural areas assesses the role of the CAP 2014-2022 in addressing needs and actions outlined under the EU's Long-term vision for rural areas (LTVRA) in Europe. This role is considered in the context of Member States' strategic frameworks, plans or other policies for rural areas. The study also assesses the specific role of the CAP alongside those of other EU funds targeting rural areas (2014-2020), primarily ERDF/CF, ESF and EMFF, and national funds. The study addresses seven evaluation study questions covering three criteria: effectiveness, relevance, and coherence, with most emphasis upon analysis of relevance and coherence. It finds that while the LTVRA covers very diverse needs, they are well targeted by CAP, often through bottom-up approaches and small-scale delivery that reflect regional and local variation in challenges and opportunities. However, targeting needs beyond farming relies on a relatively small number of measures with rather limited funding allocations. In their funding of rural areas, the CAP's EAFRD and other ESIF demonstrate strong complementarity especially in infrastructure investments (ERDF) and support for social inclusion (ESF) where these funds are used. Nevertheless, there is great variability in how EU funds are used, among the Member States. National policies for rural areas, where ambitious and holistic, can improve the coherence between EU funds in this context; whereas the relevance of CAP funding is evident even where no national rural strategy or strong commitment to rural areas is in place. The study suggests placing further emphasis upon CAP funding beyond farms, also encouraging increased ERDF and ESF investment in meeting rural needs and improving procedures to enable greater synergy and integrated approaches between EU funds, in the future.

Résumé

Cette étude sur le financement des zones rurales de l'Union Européenne évalue le rôle de la politique agricole commune 2014-2022 pour répondre aux besoins des zones rurales et aux actions définies dans le cadre de la vision à long terme pour les zones rurales de l'UE. Ce rôle est examiné en relation avec les cadres stratégiques, plans ou autres politiques publiques établis par les États membres visant les zones rurales. L'étude évalue également le rôle spécifique de la PAC par rapport aux rôles joués par d'autres fonds de l'UE ciblant les zones rurales (2014-2020), principalement le FEDER/FC, le FSE et le FEAMP ainsi que par les fonds nationaux. L'étude aborde sept questions d'évaluation couvrant trois critères d'évaluation : l'efficacité, la pertinence et la cohérence, avec une attention plus forte à la pertinence et cohérence. L'étude constate que si la vision couvre des besoins très divers, ceux-ci sont bien ciblés, souvent grâce à des approches ascendantes et à une mise en œuvre à petite échelle par l'intermédiaire de la PAC 2014-2022, reflétant ainsi les variations locales et régionales des défis et opportunités. Cependant, le ciblage des besoins ruraux (allant au-delà du domaine de l'agriculture) repose sur un nombre relativement restreint de mesures ayant une allocation de fonds limitée. En termes de financement des zones rurales, le FEADER de la PAC ainsi que les autres fonds européens structurels et d'investissement font preuve, lorsqu'ils sont utilisés, d'une forte complémentarité, notamment en ce qui concerne les investissements du FEDER dans les infrastructures et le soutien à l'inclusion sociale par le FSE. Néanmoins, la manière dont les fonds de l'UE sont utilisés varie considérablement d'un État membre à l'autre. Les politiques nationales pour les zones rurales, lorsqu'elles sont ambitieuses et holistiques, peuvent améliorer la cohérence entre les fonds de l'UE dans ce contexte ; tout de même, la pertinence du financement de la PAC est évidente même en l'absence d'une stratégie rurale nationale ou d'un engagement national fort en faveur des zones rurales. L'étude suggère de mettre davantage l'accent sur le financement de la PAC au-delà des exploitations agricoles, d'encourager également l'augmentation des investissements du FEDER et du FSE pour répondre aux besoins ruraux ainsi que d'améliorer les procédures pour permettre à l'avenir une plus grande synergie et des approches intégrées entre les fonds de l'UE.

1. Introduction

This study assesses the role of the CAP 2014-2022 in addressing needs and actions outlined under the EU's Long-term vision for rural areas (LTVRA) in Europe. It also provides a forward-looking perspective on the CAP 2023-2027. The role of the CAP is considered in the context of Member States' varied policy approaches to rural areas. It also analyses the interplay between the CAP, other EU and national funds, in particular examining rural relationships with ERDF, ESF, CF and EMFF. The study addresses seven evaluation study questions (ESQs) linked to three evaluation criteria: effectiveness, relevance, and coherence (although with less emphasis upon effectiveness since that has been analysed in previous evaluation studies covering the same funding period). The study was commissioned in May 2023 and concluded in March 2024.

The European Commission launched the LTVRA in June 2021, aiming to address the challenges and seize the opportunities faced by rural areas. It uses two main processes to pursue the vision: the EU rural action plan (COM(2021) 345 final), listing actions undertaken by European Commission departments, and the rural pact, a movement to enable and inspire other levels of governance and stakeholders to cooperate towards the vision. The LTVRA was adopted in 2021; however, much of what is highlighted in the communication was already anchored in the objectives of the CAP 2014-2022. Section 2 provides an overview of the policy context for the study, while section 3 gives a description of its methods. Sections 4-7 examine how far CAP funding addresses rural needs as identified in the LTVRA, and sections 8-10 contain analysis and answers to ESQs on the effectiveness, relevance and coherence of funding for rural areas, and section 11 provides conclusions and recommendations.

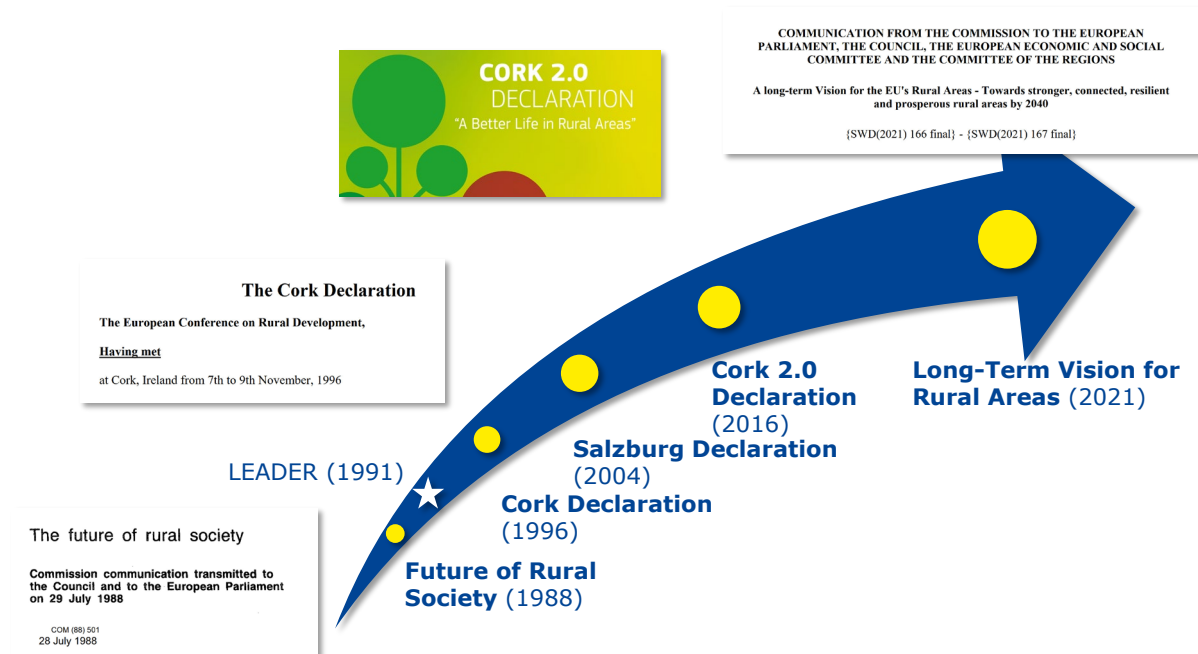
2. Policy frameworks for rural areas

Rural policy and rural development in the European Union (EU) have an established track record over several decades. This section focuses on the EU policy framework supporting rural areas, particularly the European Commission’s latest overarching communication: the long-term vision for rural areas (LTVRA). It considers relevant EU policy instruments and funding sources, and identifies an inventory of the most relevant CAP measures and instruments, in particular.

2.1 The long-term vision for rural areas

The European Commission adopted, on 30 June 2021, a communication on a long-term vision for the EU’s rural areas. This follows more than 30 years of policy effort, marked by a series of commitments to address the problems and opportunities of rural areas (Figure 1).

Figure 1: Evolution of the policy framework for rural areas



Source: Reproduced and adapted based on Samuel Féret (2022).

The LTVRA document calls for the development and transformation of EU rural areas by 2040 to become:

- **stronger**, empowering communities, improving access to services and facilitating social innovation;
- better **connected**, by improving transport and digital connectivity, technologies and skills;
- **resilient**, preserving natural resources, greening activities, giving access to training courses, diversifying job opportunities and improving social inclusion and gender equality;
- **prosperous**, through diversification of economic activities, including for young people, fostering entrepreneurship and the social economy, improving the value-added of farming and agri-food activities, the bioeconomy and tourism.

The EU rural action plan and the rural pact provide the framework and specify the opportunities for action to achieve this vision.

The **rural action plan** includes 30 actions under responsibility of the competent European Commission departments, covering a broad range of themes included in the LTVRA. It is implemented via existing policies including mainly the CAP and cohesion policy but also

policies for other domains (digital, environment, energy, social etc.), with technical assistance or preparatory actions. Twenty-four actions in the plan concentrate on the four aims: stronger; connected; resilient; and prosperous rural areas; while six horizontal actions aim to support implementation and improve governance. These horizontal actions include developing more granular statistics and data on rural areas; “rural proofing” EU policies (assessing impacts on and implications for rural jobs, growth, sustainable development and well-being); the rural observatory (to bridge data sources across Europe, analysing, providing evidence and informing rural policy-making); defining functional rural areas; and developing a toolkit for best use of EU funds; and proposing the rural pact.

The **rural pact** engages rural actors at all levels (EU, national, regional and local) to give a stronger voice to rural communities, exchanging and learning from each other and taking action for rural areas. The Commission’s role in the pact is mainly facilitation: to support, monitor and regularly report on progress, maintaining dialogue with Member States and stakeholders, and encouraging all actors to play their part in pursuit of the LTVRA.

The **process** of LTVRA formulation included the following (European Commission, 2021b, 2021c; European Commission, 2021):

- Methods – foresight, wide public consultations and analytical work:
 - a European network for rural development (ENRD) thematic group;
 - A foresight exercise to consider alternative futures for rural areas;
 - Input and analysis of numerous research projects, studies and data sources;
 - 170 participatory, stakeholder-led workshops;
 - Hosting ENRD’s “rural vision” week.
- Milestones:
 - A feedback round (22 July 2020 to 09 September 2020) on a roadmap produced by the Commission. This launched the debate on the future of rural areas and the role they should play in society. 198 feedback comments were received.
 - A public consultation (7 September to 30 November 2020) via a questionnaire. 2 326 responses were received.
 - A “Rural voices” workshop package proposed to stakeholders, around 3 000 participants, summarised in an ENRD report.
 - April 2021: a Eurobarometer survey assessing the priorities of the LTVRA.
 - 30 June 2021: Publication of the communication COM(2021) 345 final, “A long-term vision for the EU’s rural areas – towards stronger, connected, resilient and prosperous rural areas by 2040”.

2.2 EU Policy instruments and funding sources for rural areas

The European Union contributes to the development of rural areas directly and indirectly via various policy instruments and funding sources. This sub-section introduces the roles of the main funds, the common agricultural policy (EAGF and EAFRD) as well as European cohesion policy (ERDF, ESF, CF) and the common fisheries policy (EMFF).

The European policy with the most direct and prominent role in rural development is the **common agricultural policy** (CAP). Financed by two European funds, the CAP contributes specifically to rural development via the **European agriculture fund for rural development** (pillar II), and the European agriculture guarantee fund (pillar I).

In the programming period 2014-2020, extended to cover 2021-2022, the CAP directly supported rural development via Pillar II, the EAFRD. This aimed to support the development of European rural areas. EAFRD co-financed rural development programmes implemented at member state or regional levels throughout the EU, contributing to the following CAP objectives:

- Fostering competitiveness of the agricultural sector;
- Ensuring the sustainable management of natural resources and climate action;

- Helping to achieve balanced territorial development of rural economies and communities including the creation and maintenance of employment. (Article 4 of Regulation (EU) No 1305).

EAFRD measures were grouped into six priority areas contributing to different elements of the CAP general objectives.

- Priority 1: Knowledge transfer and innovation;
- Priority 2: Farm viability and competitiveness;
- Priority 3: Food chain organisation and risk management;
- Priority 4: Restoring, preserving and enhancing ecosystems;
- Priority 5: Resource-efficient, climate-resilient economy;
- Priority 6: Social inclusion and economic development.

EAFRD measures were linked to individual focus areas (FA) within these six overarching priorities. The study team worked with Commission services to identify those focus areas explicitly addressing rural development beyond farming, which are of particular relevance to the broad scope of the LTVRA. Principally under priority 6, and to some extent, priority 5 and priority 1, the most relevant FAs are:

- FA 5C: Facilitating the supply and use of renewable sources of energy;
- FA 6A: Facilitating diversification, creation and development of small enterprises, as well as job creation;
- FA 6B: Fostering local development in rural areas;
- FA 6C: Enhancing the accessibility, use and quality of information and communication technologies (ICT) in rural areas;
- FA 1A: Fostering innovation, cooperation and the development of the knowledge base in rural areas.

Measures targeting the farming sector may still have importance (e.g. in terms of economic or environmental impacts) for the rural population. This is particularly where they help to support the maintenance of farming in marginal or fragile and disadvantaged areas which have few other sources of income and employment, or where they promote rural employment, generational renewal, diversification and added value from agricultural and agri-food enterprise.

The **European agricultural guarantee fund** (EAGF), the other funding instrument of the CAP, financed interventions offering direct support to European farm incomes and employment, supporting and regulating agricultural sectors and markets. As with the farm-focused measures within EAFRD, EAGF (CAP pillar I) contributed to rural development, but mostly within the farm sector (SWD(2021) 166 final). The full list of interventions financed by the CAP during the funding period 2014-2022 is given in section 2.3.

As a structural investment fund, the **European regional development fund** (ERDF) supported a wide range of activities during the 2014-2020 programming period: investments in SMEs to create and safeguard sustainable jobs, research and innovation, technological development, enabling a shift towards a low-carbon economy, investments in infrastructure for basic services to citizens, developing endogenous potential, networking, cooperation and exchange between competent public authorities at all governance levels and among economic and social partners (Article 3 of the Regulation (EU) No 1301/2013). Rural areas and enterprises were eligible for these investments and thus could potentially benefit from them.

Cohesion policy funds (ERDF, ESF, and CF) contributed to 11 thematic objectives (TOs):

- TO1: strengthening research, technological development and innovation;
- TO2: enhancing access to and use and quality of information and communication technologies;
- TO3: enhancing competitiveness of SMEs;
- TO4: shifting towards a low-carbon economy in all sectors;

- TO5: promoting climate change adaptation, risk prevention and management;
- TO6: preserving and protecting the environment and promoting resource efficiency;
- TO7: promoting sustainable transport and the removal of bottlenecks in key network infrastructure;
- TO8: promoting sustainable and quality employment and supporting labour mobility;
- TO9: promoting social inclusion, the fight against poverty and all discrimination;
- TO10: investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructures;
- TO11: enhancing the institutional capacity of public authorities and stakeholders and efficient public administration and public services (Article 5 of Regulation (EU) No 1301/2013).

While themes 1-4 are mostly relevant to the ERDF, themes 8-11 are key for the ESF. Outermost and northern sparsely populated regions received special allocations related to their specific needs, under TO12 (Article 12 of Regulation (EU) No 1301/2013). A new TO, i.e. TO13 "Fostering crisis repair in the context of the COVID-19 pandemic and preparing a green digital and resilient recovery of the economy" was introduced by the REACT-EU Regulation (COM(2020) 451 final), following the global pandemic.

It is important to note that the specific rules and conditions of ERDF support often differ from those which apply to EAFRD. Differences can be observed in terms of e.g. scale of support and co-financing rates. The ERDF and the EAFRD can both provide support for SMEs, public and private entities and non-profit collectives although eligibility of certain measures may be restricted to non-profit or collective entities as a result of national or regional conditions. ERDF is usually subject to certain minimum scales of support, investing in larger projects with greater regional significance. By contrast, EAFRD includes many measures deployed via relatively small grants or payments to local actors in rural areas.

The **cohesion fund** (CF) supports investments and infrastructure contributing to the investment priorities in relation to the TEN-T, the environment (sustainable development and energy presenting environmental benefits), as well as technical assistance (Article 2 of Regulation (EU) No 1300/2013). For the countries receiving CF¹, investments contributed to the following priorities:

- supporting the shift towards a low-carbon economy in all sectors;
- promoting climate change adaptation, risk prevention and management;
- preserving and protecting the environment and promoting resource efficiency;
- promoting sustainable transport and removing bottlenecks in key network infrastructures;
- enhancing institutional capacity of public authorities and stakeholders and efficient public administration through actions to strengthen the institutional capacity and the efficiency of public administrations and public services (Article 4 of Regulation (EU) No 1300/2013).

The **European social fund** (ESF) finances actions in the domains of employment, labour market, education, social inclusion, gender equality and non-discrimination and equal opportunities. Its objectives are to "promote high levels of employment and job quality, improve access to the labour market, support the geographical and occupational mobility of workers and facilitate their adaptation to industrial change and to changes in production systems needed for sustainable developments, encourage a high level of education and training for all and support the transition between education and employment for young people, combat poverty, enhance social inclusion, and promote gender equality, non-

¹ Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

discrimination and equal opportunities” (Article 2(1) of the Regulation (EU) No 1304/2013).

ESF priorities are listed in the Article 3(2) of the Regulation (EU) No 1304/2013:

- Supporting the shift towards a low-carbon, climate-resilient, resource-efficient and environmentally sustainable economy;
- Enhancing the accessibility of, and use and quality of, information and communication technologies;
- Strengthening research, technological development and innovation;
- Enhancing the competitiveness and long-term sustainability of small and medium-sized enterprise.

The ESF targets people and gives special attention to the disadvantaged (long-term unemployed, people with disabilities, migrants, ethnic minorities, marginalised communities, those facing poverty and social exclusion), including in rural areas. Rural areas can also benefit from ESF support through multi-fund CLLD strategies (Article 12(1) of the Regulation (EU) No 1304/2013). ESF functions under shared management, so Member States set their own national and regional programmes and priorities based on their social needs. Managing authorities and intermediate bodies (e.g. social organisations, NGOs, education institutions, municipalities) address the “final” beneficiary, delivering targeted support.

The **European maritime and fisheries fund** (EMFF) supports the common fisheries policy (CFP) and the sustainable development of fisheries and aquaculture and inland fishing (Article 1 of the Regulation (EU) No 508/2014). It has several objectives, one of which is the promotion of a balanced and inclusive territorial development of fisheries and aquaculture areas (Article 5(c) of the Regulation (EU) No 508/2014). The CFP objectives are related to the environmental sustainability of fishing and aquaculture, and the achievement of economic, social and employment benefits while contributing to the availability of food supplies (Article 2 of the Regulation (EU) No 1380/2013). Both EMFF and CFP thereby also promote the development of those rural areas that are coastal and/or engage in fishing and aquaculture.

Looking forward

Staff working document (SWD(2021) 166 final) accompanying the communication COM(2021) 345 final, explains how the European Commission expects over 20 EU initiatives, policies and funding mechanisms to be relevant for implementation of the LTVRA². The cohesion policy funds and CAP retain their leading role in funding the development of rural areas, but a significant number of other policies and goals also support the LTVRA.

The **CAP** 2023-2027 (Regulation (EU) 2021/2115) was modernised with the aim of meeting current challenges and policy objectives as well as simplifying implementation. It introduced CAP strategic plans (CSPs) guiding use of both the EAGF and EAFRD. Furthermore, a greater commitment of resources to green and sustainable objectives was demanded of Member States, with a greater focus on setting specific targets to be achieved through the combined use of interventions. In terms of scope and funding for rural development, the CSPs demonstrate a reinforced ambition of environment and climate interventions, risk management tools and LEADER which specifically supports non-

² The initiatives, policies and mechanisms cited by the SWD(2021) 166 final are the following: The Common Agricultural Policy (CAP) and the Common Agricultural Policy post 2020; the Cohesion Policy and Regional policy; the Maritime and Fisheries policy Employment, social affairs and inclusion policy; cross-cutting attention for Inclusion and gender; the European Green Deal/Climate and Environment Policy. Sectoral strategies of importance for rural areas should be: Bioeconomy; Energy policy; Home affairs and security policy; Enlargement and Neighbourhood Policy; Digital policy; Space policy; Transport policy; Health policy; Education policy; Cultural policy; Industrial strategy policy; Competition policy; Research and innovation policy; Data and statistics.

agricultural, multi-sectoral rural development (see Münch et al 2023; METIS., Agrosynergy., and ECORYS., 2023a; ECORYS, METIS, and Agrosynergy, 2023b).

Among the new CAP instruments, specific objective 8 (**SO8**) and intervention types: **INVEST**, **COOP** (including LEADER, smart-village strategies, EIP and other forms of cooperation), **INSTAL** and **KNOW**³ cover most of the output indicators tracking beyond farming activities (e.g., O22, O23, O24, O31, O32) and thus appear the most relevant in supporting rural development beyond farming. SO8 notably addresses rural poverty through support for employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry as well as broadband. **Investment** interventions support, inter alia, general/public infrastructure, road infrastructure, social and health services and education. Under **cooperation**, **LEADER strategies** contribute to e.g. fostering young people and women's opportunities for entrepreneurship and jobs in rural areas, improving local infrastructure and services. In line with (and often as part of) LEADER strategies, support for **smart villages** promotes social and digital innovation to meet local needs, e.g. supporting collective measures on smart transport, smart local services, smart food chains, business cooperation, smart farm strategies and digital solutions. Interventions under **knowledge exchange and dissemination of information** support activities such as back-office services, digital competence development, environmental advisory services targeting young people/start-ups/innovation clusters etc, and thus help boost growth and jobs in rural areas (METIS., Agrosynergy., and ECORYS., 2023).

The **ERDF**, **CF** and **ESF+**, together constituting **EU cohesion policy 2021-2027**, continue to promote and support cohesive development across regions and Member States, making the most of EU rural assets and helping to retain their dynamism, notably in terms of income, productivity and employment. The European cohesion policy funds (ERDF, CF, ESF+) represent the largest share of EU investments and cover and impact both rural and urban areas. Depending on Member States and managing authorities' choices, the funds provide a critical mass of investment for integrated territorial development supporting job creation, competitiveness, economic growth, improved quality of life and sustainable development, with the objective of reducing development gaps between regions. For the 2021-2027 programming period this implies support for green and digital transitions, triggering ambitious territorial and local development while leaving no place and no-one behind. Particularly new in the cohesion policy for 2021-2027 is policy objective 5: "a Europe closer to citizens", and specific objective 5.2: fostering integrated and inclusive social, economic and environmental local development, culture, natural heritage, sustainable tourism and security in areas other than urban areas. Furthermore, ERDF addresses local development needs by enhancing urban-rural linkages and connecting urban areas with surrounding rural territories, including them in the relevant urban development strategies. Cohesion policy also supports bottom-up approaches by empowering sub-regional territories and local communities, e.g. via community-led local development strategies (CLLD) and integrated territorial investment (ITI), which target some of the needs of rural areas. As such, cohesion policy 2021-2027 intends to provide a flexible and adaptable framework in line with the objectives of the LTVRA (European Commission, 2023).

The **EMFAF** 2021 to 2027 supports the EU CFP, EU maritime policy and the EU agenda for international ocean governance. The fund helps achieve sustainable fisheries and conserve marine biological resources, among other objectives. EMFAF encourages synergies with ERDF and other structural funds in respect of mechanisms such as fisheries local action groups (FLAGs) and the integration of fisheries and aquaculture with sustainable tourism, offshore renewable energy, marine protected areas, etc. Furthermore, measures enabling generational renewal and skills development/adaptation in the fishing and aquaculture sector, mainly located in coastal and rural areas, can be specifically supported.

³ Respectively: Investment – Article 73, Cooperation – Article 77,s and Knowledge exchange and dissemination of information – Article 78, of the Regulation (EU) 2021/2115).

To achieve the goals of the LTVRA, rural areas can also draw from other policies. Whether through sectoral policies concerning bioeconomy, entrepreneurship, social economy, energy, health, education, digitalisation, culture or through cross-cutting programmes aiming at improving inclusion and gender equality, rural areas can benefit. Furthermore, initiatives to enhance knowledge in rural areas continue, as well as aims to enhance the rural proofing of such policies. The Commission expects these policies to contribute significantly to LTVRA goals of empowered rural communities, better connected and more resilient rural areas, prospering via competitive and diversified economic activities (SWD(2021) 166 final, 2021).

Overall, the 2021-2027 programming period is guided by the European Green Deal (2019) which committed the EU to climate neutrality by 2050. This goal and other accompanying ones on farm to fork and biodiversity protection, for example, significantly impact the whole EU. Their implementation will affect rural area developments, restricting certain methods and activities but also creating new opportunities and reaffirming the role of rural areas in European society. Of note, the LTVRA is included in the European Commission's work on democracy and demography.

2.3 Inventory of CAP measures and instruments

The CAP, introduced in 1962, is one of the most important common policies of the European Union. Since the early 1990s, the CAP has developed and adapted in response to environmental, socioeconomic, and political changes in agriculture, rural areas, food and forestry.

The 2013 CAP reform implemented in the 2014-2020 programming period was primarily aimed at responding to the challenges facing the EU (both within agriculture and in the wider context). These included economic challenges (food security, price volatility, promoting productivity), environmental and climate challenges (climate change, greenhouse gas emissions, habitat conservation, biodiversity, protection of water, soil and air) and territorial challenges (rural vitality, agricultural diversity, rural resilience). Regarding balanced territorial development, the CAP aims to support rural areas by implementing measures and instruments that address the income gap between agriculture and other sectors, support economic development, employment growth, poverty reduction and social inclusion. These objectives are consistent with and feed into the broader Europe 2020 objectives of **smart, sustainable, and inclusive growth**.

Direct Payments

Direct payments under pillar I of the CAP support the aim of stabilising incomes, improving competitiveness and the provision of environmental goods, and mitigating and adapting to climate change by providing financial incentives to comply with sustainable agricultural practices. They include the following instruments⁴:

- Basic payments/Single area payments (BPS/SAPS);
- Transitional national aid for farmers;
- Redistributive payment;
- Greening payments;
- Areas facing natural constraints (ANC);
- Young farmers;
- Voluntary coupled support;
- Payments for cotton;
- Small farmers scheme;
- Complementary national direct payments (CNDP).

⁴ Please note: Transitional national aid and CNDP are considered as direct payments but they are fully paid with national money.

Common Market Organisation

The common market organisation (CMO) instruments of the CAP are designed to ensure market stability and meet needs of consumers by providing a safety net of instruments to be used in the event of market disturbances or other crises. CMO instruments are structured by type of product (i.e. products eligible for intervention⁵), and by programmes and areas of intervention, e.g. producer organisations, school fruit and milk scheme, and support to the wine sector.

By design, almost all pillar I interventions and CMOs instruments are directly linked to farming rather than rural areas beyond farming. However, some themes in the LTVRA (especially under resilient and prosperous rural areas) directly address the farming sector, young farmers, agrifood and bioeconomy.

Rural Development Measures

Rural development measures under the EAFRD are diverse in scope, comprising 20 individual measures, most sub-divided into sub-measures. They range from supporting farmers in modernisation of equipment and infrastructure to promoting environmental and innovation technologies and management, fostering necessary changes to agricultural practices for a positive contribution to the environment and climate, addressing social issues and cultural heritage in rural areas, and increasing knowledge and services.

Based on review of the EAFRD Regulation and relevant provisions, all EAFRD 2014-2022 measures are considered in Table 1, highlighting whether each measure targets **rural development beyond farming including other sectors** ("beyond farming"), or the **farming sector** ("farming"), or **both types of support** ("joint"). In some cases, selected sub-measures are classified differently to the associated measure. Where relevant, links are established with the corresponding areas of action within the LTVRA. Table 1 provides the basis for selection of the most relevant measures, which are further examined in this study.

Table 1: Overview and analysis of rural development measures and rural development beyond farming

Measure	Categorisation of measure	LTVRA action field
M01 Knowledge transfer and information	Farming	<ul style="list-style-type: none"> Stronger Prosperous
M02 Advisory services, farm management and relief services	Farming	<ul style="list-style-type: none"> Prosperous
M03 Quality schemes for agri-products and food stuff	Joint	<ul style="list-style-type: none"> Prosperous
M04 Investments in physical assets	Joint Joint: M04.2 (processing, marketing), M04.4 (non-productive investments) Farming: M04.1 (agricultural holdings), M04.3 (agricultural infrastructure)	<ul style="list-style-type: none"> Prosperous Resilient
M05 Natural disasters: restoring production potential and preventing damage	Farming	no clear link
M06 Farm and business development	Joint Beyond farming: M06.4 (non-agricultural investments) Joint: M06.2 (non-agricultural business startup support) Farming: M06.1 (young farmers), M06.3 (small farms), M06.5 (small farmers)	<ul style="list-style-type: none"> Prosperous

⁵ 23 products listed under Article 1 reg. No 1208/2013.

Measure	Categorisation of measure	LTVRA action field
M07 Basic services and village renewal in rural areas	Beyond farming	<ul style="list-style-type: none"> • Stronger • Connected • Resilient
M08 Investments in forest area development and improvement of the viability of forests	Joint	<ul style="list-style-type: none"> • Resilient • Prosperous
M09 Setting up of producer groups and organisations	Joint	<ul style="list-style-type: none"> • Prosperous
M10 Agri-environment-climate	Farming	<ul style="list-style-type: none"> • Resilient
M11 Organic farming	Farming	<ul style="list-style-type: none"> • Resilient
M12 Natura 2000 and water framework directive payments	Farming	<ul style="list-style-type: none"> • Resilient
M13 Payments to areas facing natural or other specific constraints	Joint Joint: M13.1 (Compensation payments for mountain areas) Farming: M13.2 and M13.3	<ul style="list-style-type: none"> • Resilient
M14 Animal welfare	Farming	no clear link
M15 Forest-environmental and climate services and forest conservation	Joint	<ul style="list-style-type: none"> • Resilient
M16 Co-operation	Joint Beyond farming: M16.7 (non-CLLD strategies) Joint: M16.3 (tourism cooperation), M16.4 (supply chain cooperation), M16.5 (joint action for climate change mitigation or environmental practices), M16.6 (biomass cooperation), M16.8 (forest management), M16.9 (farm diversification) Farming: M16.1 (EIP-AGRI), M16.2 (pilot practices for new products/processes)	<ul style="list-style-type: none"> • Stronger • Connected • Prosperous
M17 Risk management	Farming	no clear link
M18 Complementary direct payments for Croatia	Farming	no clear link
M19 Support for LEADER local development (CLLD)	Beyond farming	<ul style="list-style-type: none"> • Stronger • Connected • Resilient • Prosperous
M20 Technical assistance	NA	no clear link

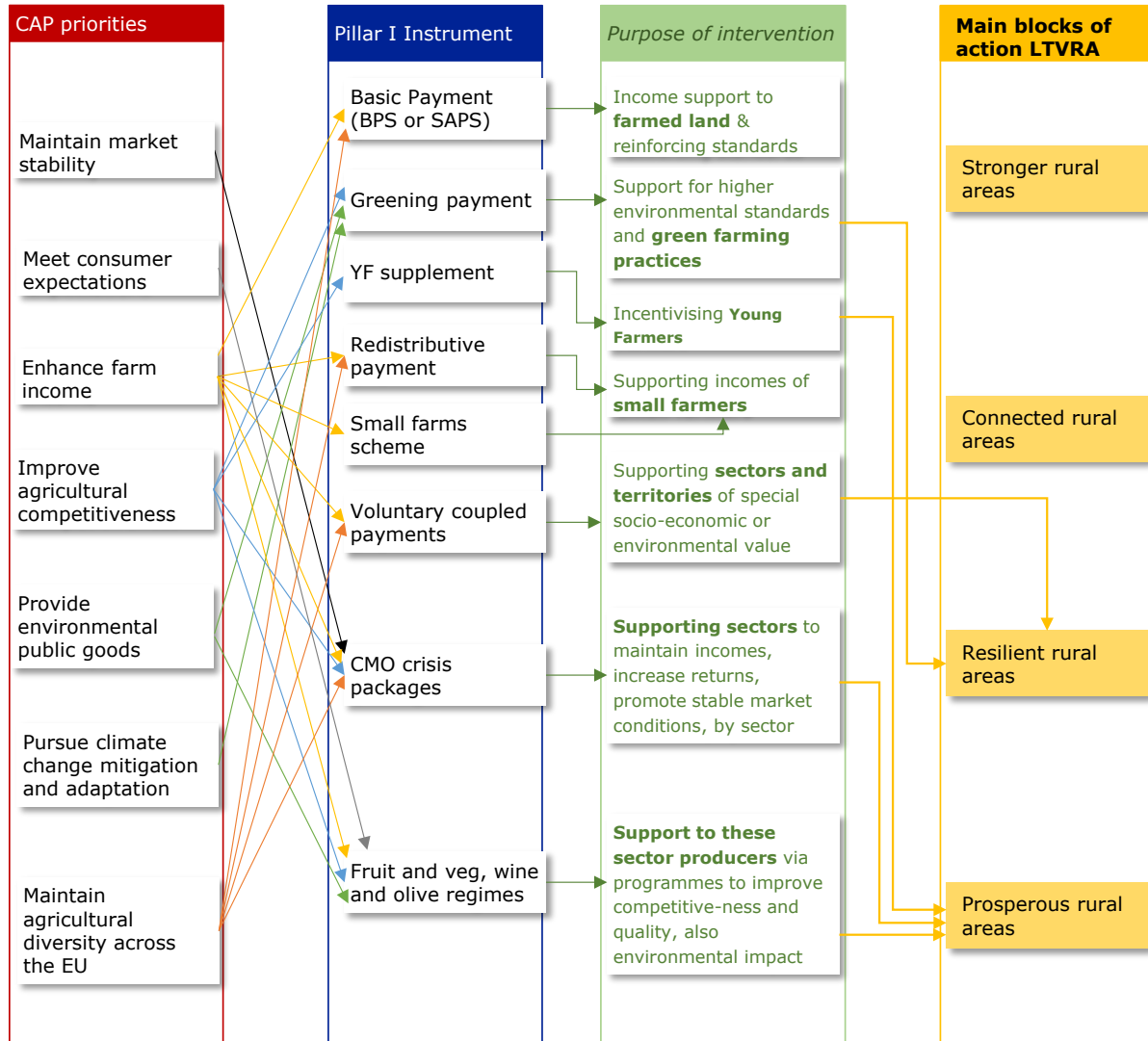
Source: Project team, 2024, based on Regulation (EU) No 1305/2013; Note: "no clear link" denotes measures without a clearly demonstrated link to the LTVRA.

The analysis presented above indicates that **a limited number of measures solely target rural development beyond farming**. However, **many measures directed at supporting the farming sector also indirectly contribute to the wider development of rural areas**. Similar preliminary conclusions can be drawn from the analysis of measures' contribution and links with the LTVRA's four blocks of action (stronger, more connected, resilient and prosperous rural areas), i.e. farming-centred measures may also play an important role in pursuing the vision's objectives. The analysis nonetheless indicates that the **measures generally contribute to specific blocks** and specific actions within these blocks. Resilient rural areas may be supported by the greatest number of measures and connected rural areas by the smallest.

Intervention logics

In line with the description and analysis of the CAP measures and instruments presented in this section, Figure 2 and Figure 3 illustrate the intervention logics which underpin the analytical framework of the study. The attribution of measures in the intervention logics is based on the legal framework but not on a precise review of implementation.

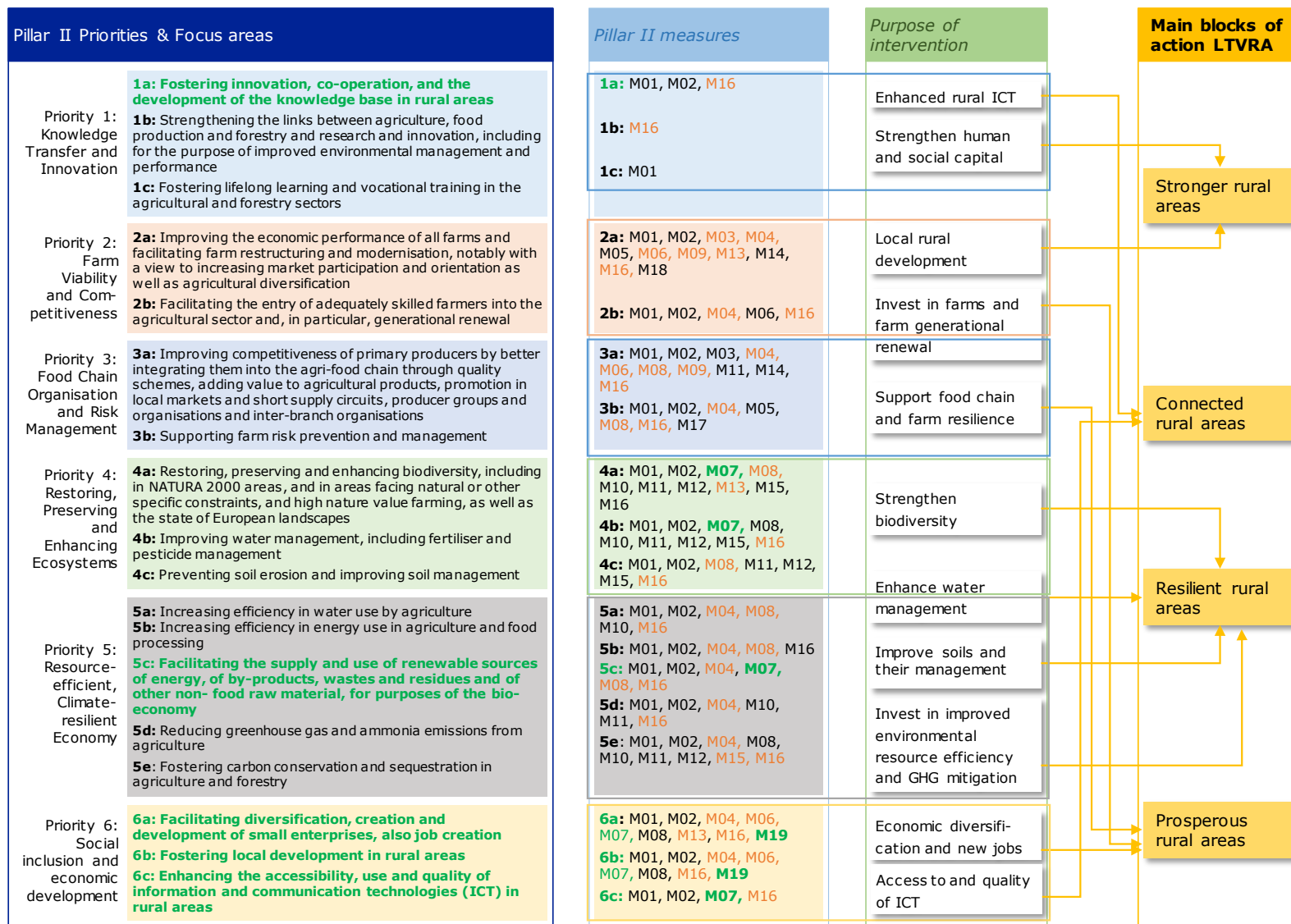
Figure 2: Intervention logic of the LTVRA and CAP 2014-2022 – Pillar I



Source: Project team, 2024.

For pillar II, the focus areas which are most relevant to the LTVRA are highlighted in bold and green in Figure 3. The links between focus areas and measures are also presented. “Beyond farming” measures are underlined in bold and green “joint” measures are highlighted in orange, including those measures that have only some sub-measures with a “joint” effect.

Figure 3: Intervention logic of the LTVRA and CAP 2014-2022 – Pillar II



Source: Project team, 2024.

2.4 National approaches to supporting rural development beyond farming

This study was tasked with examining how Member States target needs in rural areas and foster rural development using both EU and national funds and policies. The main focus of analysis was on strategic approaches set up or implemented during the CAP 2014-2022 period. However, the timeline of national approaches may not fully conform to the CAP timeline.

To structure the analyses in this study, the terms of reference suggested a categorisation of Member State approaches into three types:

- Member States with holistic rural strategies;
- Member States with strong political commitment to supporting rural areas;
- Member States with other approaches.

The typology was developed within the study, based on a detailed assessment of governance approaches employed by various Member States and in particular those selected for case studies⁶. Here, the results of that assessment are summarised.

Member States with **holistic approaches** have strategies and governance approaches specifically targeting rural areas. The strategies employ a mix of various EU and national funding sources to comprehensively target rural needs, beyond specific sectoral support. The focus of these approaches goes beyond farming and agricultural production-related activities to encompass issues such as access to basic services, education, digitalisation, culture, well-being and quality of life, local governance and similar needs. An important aspect of holistic strategies is the territorial level of funding, with various funding sources integrated at regional or local level. Holistic strategies generally feature most of these conditions:

- a set of specific objectives and vision for rural areas and their needs beyond farming, laid down in an official document at national level;
- a refined definition of rural areas, taking into account the internal differences of rural areas and related diversified needs;
- different instruments targeting rural area projects at the broader territorial level and not only agriculturally-oriented, with specific place-based interventions;
- dedicated funds allocated to rural areas or specific types of rural areas, delivered through specific calls or preferential criteria.

Member States with **strong political commitment** to support rural areas generally employ existing strategies and political frameworks to support regional and rural development together. These approaches may feature some aspects associated with holistic approaches, but are not employing integrated approaches targeted at rural development beyond farming. They may result in significant funding targeted at rural areas, generally characterised by more pronounced demarcation complementarity between EU funds, such as the EAFRD and ERDF.

Member States with **other** approaches generally have thematic or sectoral strategies or policies and generally do not specifically target rural areas beyond the farming sector with dedicated governance frameworks or strategies. These Member States tend not to have dedicated long-term strategies to support or address the needs of rural areas outside of support to agriculture. The EAFRD, via the rural development programmes complemented by national funding, tends to be the most important vehicle to address rural needs.

⁶ A primary way to assess and categorise the approaches of various Member States was the case study approach, with 12 Member State and regional level cases implemented.

3. Methodological approach

3.1 Literature review and document analysis

A comprehensive EU-wide literature review and document analysis was carried out during the initial phase of the study. Materials for the review came from various sources, including but not limited to the European Commission's evaluation database, document repositories of other European institutions (e.g. the European Parliament), online academic libraries and online journals.

The purpose of this review and analysis was two-fold: firstly, to provide detailed information on the LTVRA and rural needs; and secondly, to interrogate existing evaluation reports and relevant studies on the effectiveness of the CAP 2014-2022 in addressing rural needs. Analysis covers different types of documents including evaluations, impact analyses, academic studies and policy documents.

3.2 Needs and regional cluster analysis

3.2.1 Regional data analysis

The project team examined needs in rural regions by collecting and analysing socio-economic and environmental data at LAU, NUTS3 and NUTS2 level from sources such as Eurostat, OECD, and the CAP context indicators, the rural observatory and the JRC urban data platform. Indicators are thematically linked to the needs and actions specified in the LTVRA, as well as to the wider socio-economic context in rural and intermediate regions in the EU-27. All data analysed and presented in this report at regional (NUTS3) level uses the NUTS2021 version.

3.2.2 Cluster analysis

The project team conducted cluster analyses to develop regional typologies anchored in the LTVRA. This allowed regions to be characterised in relation to the four blocks of actions outlined in the LTVRA.

A cluster analysis groups regions by common characteristics and needs, to allow for a targeted discussion of rural needs, characteristics, and socio-economic factors. By differentiating between types of rural regions, analytical results allow for more differentiated insights into their relevance in relation to the territorial specificities of the regions. For example, the implementation of a certain CAP measure or instrument may produce different local impacts if the region is a lagging region or a structurally advanced region, as local needs vary. The cluster analysis relies on two core principles: **intra-cluster homogeneity** (e.g. territories within the same cluster show similarities regarding their territorial, socio-economic, demographic and/or other thematic profile) and **extra-cluster heterogeneity** (e.g. territories from two distinct clusters show different territorial, socio-economic, demographic and/or other thematic profiles). The algorithm of the cluster analysis groups similar regions together to produce distinctly different sets of rural and intermediate regions. Upon completion of the clustering, each cluster is characterised by distinct indicators, values and geographic coverage. This characterisation thus enables the definition of typologies.

The selection of indicators was based on data sources identified by the project team and DG AGRI. Selected indicators were tested for their usability prior to use, to reduce the inclusion of irrelevant indicators and increase the quality of cluster outputs. To boost its explanatory power, the project team conducted dimensionality reduction on the dataset using a principal component analysis of the selected indicators for one thematic cluster ("prosperous rural regions", see section 6.4).

3.3 Identification of remote and constrained areas

Remote and constrained rural regions are a focal point of analysis for ESQ5 and ESQ6 of this study, particularly in the context of coherence. As such the identification of these areas was an important study element.

There is a significant diversity of rural regions within the EU-27, some affected by specific handicaps, which may translate into specific development needs. The project team identified constrained and remote rural regions at NUTS3 level. The following criteria and typologies were included:

- Low population density: regions with fewer than 12.5 inhabitants per km², corresponding to the criteria for ERDF/CF 2021-2027 support targeting sparsely populated regions (Regulation (EU) 2021/1058);
- Regions affected by strong demographic decline: regions with an average annual population decrease of at least 1% over the 2007-2017 period, in line with definitions set-out by Regulation (EU) 2021/1058 for ERDF/CF support to regions facing demographic handicaps;
- Regions with specific geographical constraints (mountain, coastal, island, and outermost regions) in line with Eurostat typologies⁷;
- Remote rural regions, i.e. regions in which the majority of the population lives more than 45 minutes of car driving time to the closest city, as used in the LTVRA.

The identification of remote rural regions by travel time (30/45/60) minutes was done using the following steps:

- Definition of urban areas as per urban audit data and localisation of population point data using the provisional Eurostat census grid 2021⁸;
- Establishment of commuting zones from closest urban area, using 25-50 km (approx. more than 30 minutes travel time), 50-75 km (approx. more than 45 minutes travel time), and 75+ km increments (estimated to be more than 60 minutes travel time);
- Identification of share of population living within and outside of the commuting zone, with region classified as remote if more than 50% of the NUTS3 population lives outside of the 30/45/60 minutes commuting zone in a NUTS3 region.

The outcomes of this analysis are presented in section 5. The identification of these areas is derived from several analytical steps drawing on the above-listed criteria and typologies. This cascade approach starts with the analysis of demographically constrained regions (in terms of population density and demographic change), followed by the analysis of rural and intermediate regions facing geographic or topographic constraints, and the examination of the remoteness factor in these regions.

3.4 Analysis of CMEF indicators

The project team analysed selected CMEF output and result indicators tied to the LTVRA as input for the effectiveness assessment (ESQ1). This analysis was done at EU-27 level and is presented in section 4.1.

3.5 Data preparation for EU funding analysis

This study made use of several data sources to assess funding at regional (NUTS3), national and EU level for the CAP and other EU funds. An overview of these sources by EU fund is provided in Table 2. Several caveats to using kohesio data to approximate funding of cohesion policy funds at NUTS3 level are presented in the limitations section (see 3.7).

⁷ Available on [Eurostat](#)

⁸ as provided via Eurostat: [urban audit](#) and [provisional census data](#).

Table 2: Overview of funding data sources

Fund	Types of data and timeframe	Remarks
EAGF	CATS data: total EU expenditure by NUTS3 region by types of pillar I instrument, as well as for selected pillar II categories 2014-2021	-
EAFRD	CATS data: total EU expenditure per NUTS3 region by measure 2014-2022	EU expenditure is available for all measures and for a very limited number of sub-measures.
	CATS data: total EU and public expenditure per Member State by measure and limited number of sub-measures (of M04, M06, M13, and M07.3) 2014-2021	Only total public expenditure is available at sub-measure level.
EMFF	Total EU expenditure and total EU commitments per NUTS3 region 2014-2021	Not all funding is consistently provided at NUTS3 level and no thematic differentiation is possible (e.g. by thematic objective)
Cohesion Policy funds	Kohesio data: aggregated EU funding data per NUTS3 region by thematic objective and fund 2014-2022	Not all funding can be localised, hence also use of Cohesion Data. For specific limitations, please see section 3.7.
	Cohesion Data: EU and public expenditure and commitments by thematic objective and fund, differentiated by type of region.	-

Source: Project team, 2024.

3.6 Case studies

Objectives of the case studies

The objective of the case studies was to analyse selected Member States' approaches to supporting and addressing the specific needs and challenges faced by rural areas via the CAP. In doing so, "rural areas approaches", i.e. strategies as well as any types of initiative undertaken by the selected Member States with a cross-policy or cross-thematic nature were covered. The aim was to better understand how these approaches were developed, their scope and especially whether and/or how they relate to CAP measures and instruments implemented over the 2014-2022 period and to the LTVRA.

A total of 12 Member States were analysed via case studies, with selection according to an initial categorisation by broad type of strategy or approach to supporting rural areas: six Member States initially characterised as having holistic strategies, three Member States characterised by strong political commitment, and three Member States with other approaches (see section 2.4 for the typology). This categorisation was updated and refined after conclusion of the case study analysis, with some Member States re-classified.

- 1) Member States with holistic strategies, actions plan or programmes: Italy (IT), Ireland (IE), France (FR), Spain (ES);
- 2) Member States with political commitment to support rural areas: Austria (AT), Czechia (CZ), Finland (FI);
- 3) Member States with other approaches: Germany (DE), Romania (RO), Bulgaria (BG), Croatia (HR), Portugal (PT).

Regional selection

Out of the 12 case studies, four include a more in-depth regional analysis, namely France, Italy, Spain and Germany. For these larger Member States which have regional rural development programmes in 2014-2020, the focus of analysis covered the programme area of a selected RDP, in addition to the national level analysis. The rationale for the selection of the specific regions generally relies on a combination of desk research and

expert knowledge on the governance structures, territorial and contextual characteristics in the chosen countries as well as the uptake or focus on “beyond farming” measures.

Case study approach

The case studies were undertaken between June and September 2023. case study teams reviewed programme and policy documents via desk research and conducted interviews and focus groups with (regional) programme authorities and stakeholders. A total of four to six interviews was conducted per case study. Case study teams covering Member States with a dedicated regional analysis (i.e. Germany, Spain, France, and Italy) conducted six to eight interviews, covering both regional and national governance levels.

The case studies covered the following elements:

- background and overview of policies and frameworks supporting rural development in the Member State;
- relevance of CAP 2014-2022 and 2023-2027 in relation to needs specified in the LTVRA and role of the Member State approach to supporting rural development;
- coherence of CAP with other EU and national/regional policies in the 2014-2022 and the 2023-2027 period;
- effectiveness of CAP 2014-2022 in addressing needs outlined in the LTVRA⁹;
- recommendations on improved targeting and integration of EU funding for rural areas.

3.7 Study limitations – to note

By design, the study made only a limited effectiveness analysis (ESQ1, see section 8), relying on secondary evidence from existing CAP evaluations commissioned at EU level. The Commission’s intended purpose for this ESQ was not to assess the impact of the CAP 2014-2022 in relation to the needs set out in the LTVRA, but to provide necessary context for making judgements about CAP 2014-2022 instruments and measures’ relevance and coherence in addressing needs of the LTVRA.

The Member States chosen for the case studies reflect the overarching goal of this study to identify how far Member States and regions are using CAP and other EU policies to support rural development within well-integrated approaches. The selection of case studies therefore includes a relatively high number of cases applying more integrated or holistic approaches to rural policy, and Member States generally providing significant funding to rural development beyond sectoral support. Thus, the selection of case studies should not be regarded as being fully representative of rural development approaches across the EU-27.

The timeline of this study (May 2023 to March 2024) gave only a short period for investigation and reporting. The case studies have therefore focused on understanding how funds were programmed and plans implemented at national and regional levels, with limited ability to examine experience on the ground. Discussions with government officials enabled appreciation of how implementation was organised and identified some key issues, challenges and opportunities or examples of good practice. But at this relatively early stage after the end of the 2014-2022 funding period, information on programme performance has been limited. In addition, details concerning the precise operation and targeting of the transition and post-Covid 19 funds have been difficult to obtain.

This study consistently uses NUTS3 (version 2021) for territorial analyses. NUTS3 is a relatively large territorial unit, capturing a high diversity of geographies. For example, due to the size of a NUTS3 region in most Member States, a NUTS3 region classified as “rural” according to Eurostat typologies, may also include a variety of more urbanised areas (such as smaller towns or cities). Conversely, intermediate regions at NUTS3 may also include rural areas in addition to more urbanised areas. While the use of LAU as a unit of analysis

⁹ Please note that the case studies only provided a brief assessment of effectiveness, as reported in available (mid-term) evaluations commissioned by relevant programme authorities.

would yield a more accurate representation of rural areas, there were only limited numbers of indicators available at that level, at the time of this study, thus significantly reducing the scope for socio-economic analysis at LAU level. In addition to greater territorial data availability at NUTS3 level, CAP 2014-2022 funding data is not available at LAU level, thus necessitating the use of NUTS3.

A limitation concerns the use of funding data from kohesio or cohesion data to assess the support to rural regions made by cohesion policy funds (ERDF/CF and ESF). It is important to note, in general, that not all of the investments (approx. 18%) of the ESIF 2014-2020 period reported in kohesio can be localised to a given NUTS3 region. Further limitations include the following points.

- Cohesion policy investments may not consistently be classified as rural or non-rural, due to their relatively large scale. Investments in basic services (e.g. a hospital) or infrastructure in a city may also support rural populations outside the city, while not necessarily being located in a rural area.
- The location reported in kohesio does not always correspond to the place where the investment took place. The location of a project reflects the address of the beneficiary, not necessarily where the project was implemented. This issue (lead beneficiary or headquarter effect) is also applicable to other data sources, including for EAFRD investments.
- The final beneficiary of cohesion policy operations supported via financial instruments is not reported in the kohesio database.
- For some projects reported in kohesio, the contribution of a project to a TO is estimated based on the intervention fields of the projects, as the TO is not reported by the managing authority. As such, the reported TO can be an estimation of the thematic focus of the projects.

4. Findings at EU level

This section presents two types of analyses. Section 4.1 provides an overview of the contribution of the CAP 2014-2022 to the LTVRA as measured by the common monitoring and evaluation framework (CMEF) result and output indicators. Section 4.2 categorises the Member State approaches identified via the case study analysis using the typology *holistic, strong political commitment, and other approaches*, thereby extending the analysis of governance frameworks presented in section 2.4.

4.1 CMEF output and result indicators and contributions to the LTVRA

This section presents selected output and results indicators from the common monitoring and evaluation framework (CMEF). Indicators were selected based on their relevance to the four action blocks of the LTVRA and allocated to the respective action field; however, this limited set of indicators only provides partial coverage of the broad scope of the Vision.

The CMEF was introduced with the CAP 2014-2020, to assess CAP performance and help improve its effectiveness; it also covers the extension period to 2022, introduced in the transition regulation (Regulation (EU) No 2020/2220). The CMEF includes indicators for context, outputs, targets, impacts and results. Output indicators (OI) provide a measure of the initial outputs of projects financed by the EAFRD, such as the number of hectares or number of projects supported by different measures. The result indicators (RI) go a step further to quantify effects as a result of these projects. It should be noted that "rural population" as used in these indicators refers to rural definitions made by each Member State, and not to the EUROSTAT typologies that are used in other parts of this report.

4.1.1 Stronger rural areas

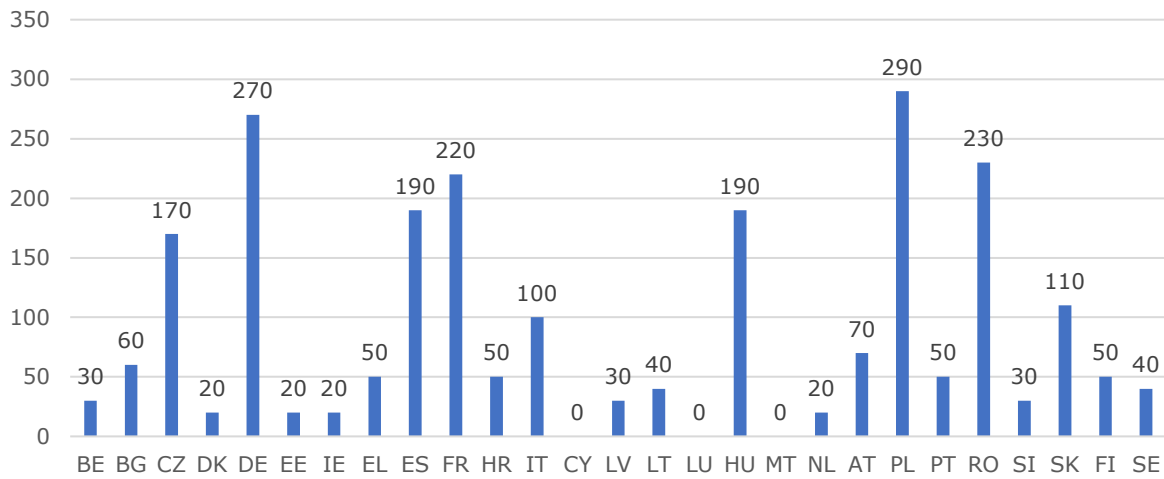
Output indicators

The output indicators selected to reflect the CAP's impacts on stronger rural areas are linked to LEADER (M19), and support for basic services and infrastructure (M07). For LEADER, the output indicators include: OI 19 "identification number of LAG", which provides the number of Local Action Groups (LAGs) per Member State; OI 18 "population covered by LAG", which denotes inhabitants covered by LAG local development strategies (LDSs); and OI 20 "number of LEADER projects supported", i.e. how many initiatives LAGs financed via their LDSs.

LAGs were shown as effective in addressing needs especially relevant to stronger rural areas but also to the other three LTVRA blocks of action.

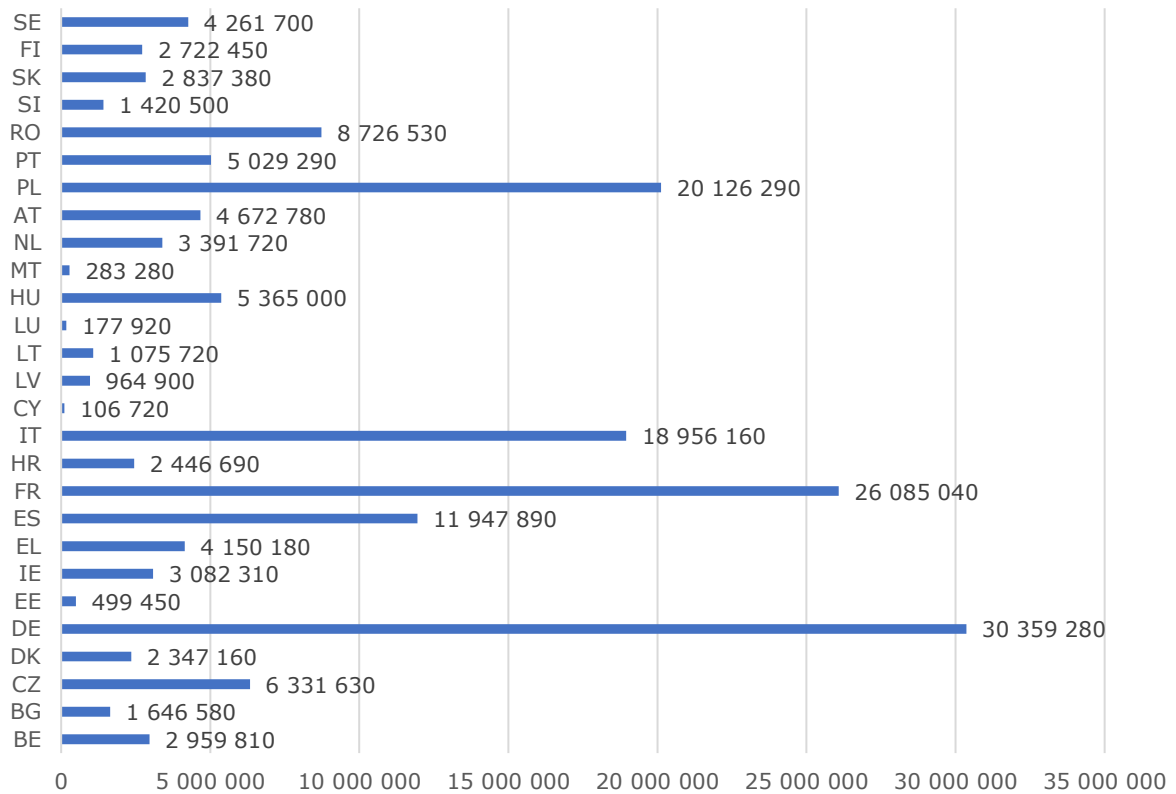
Figure 4 illustrates the number of LAGs per Member State, which varies depending on the size and demography of the country (Figure 5). In total, 2 350 LAGs were active across the European Union, covering areas with a combined population of almost 172 million.

Figure 4: Number of LAGs



Source: Project team, 2024; Indicator: 19 Identification number of LAG.

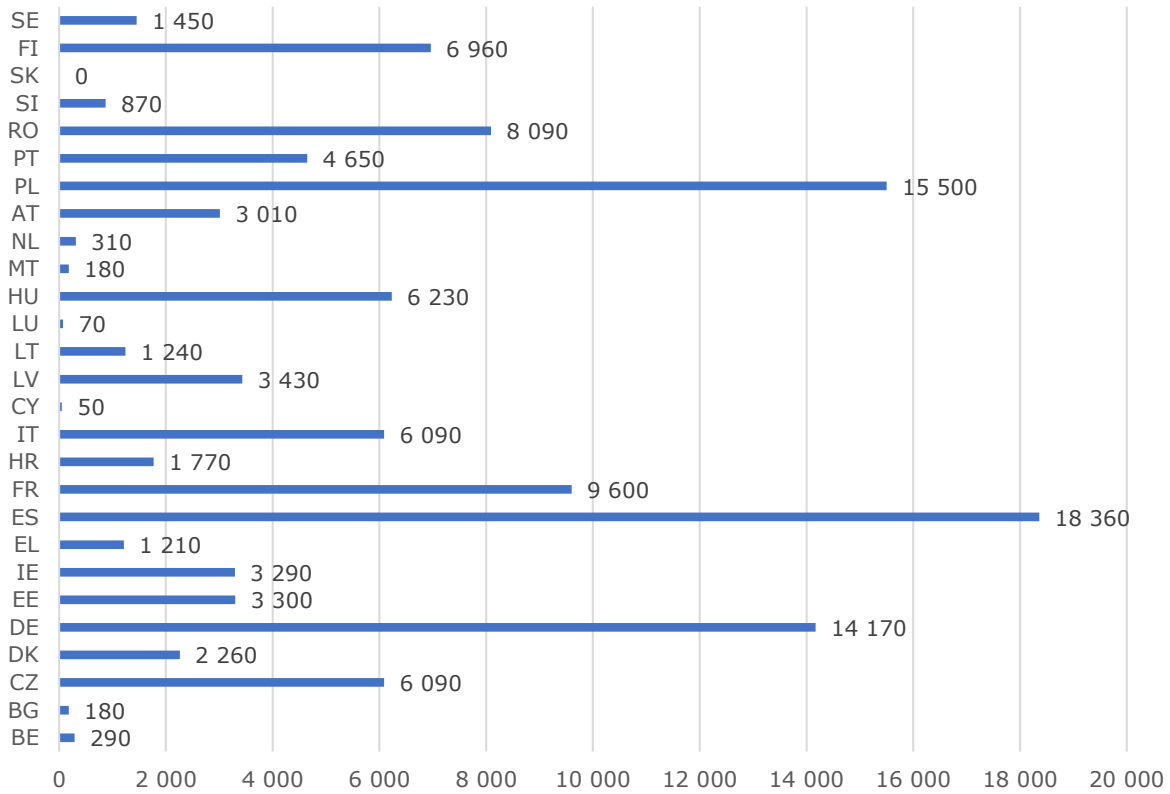
Figure 5: Population covered by LEADER local development strategies



Source: Project team, 2024; Indicator: 18 Population covered by LAG; EU: 171 974 360.

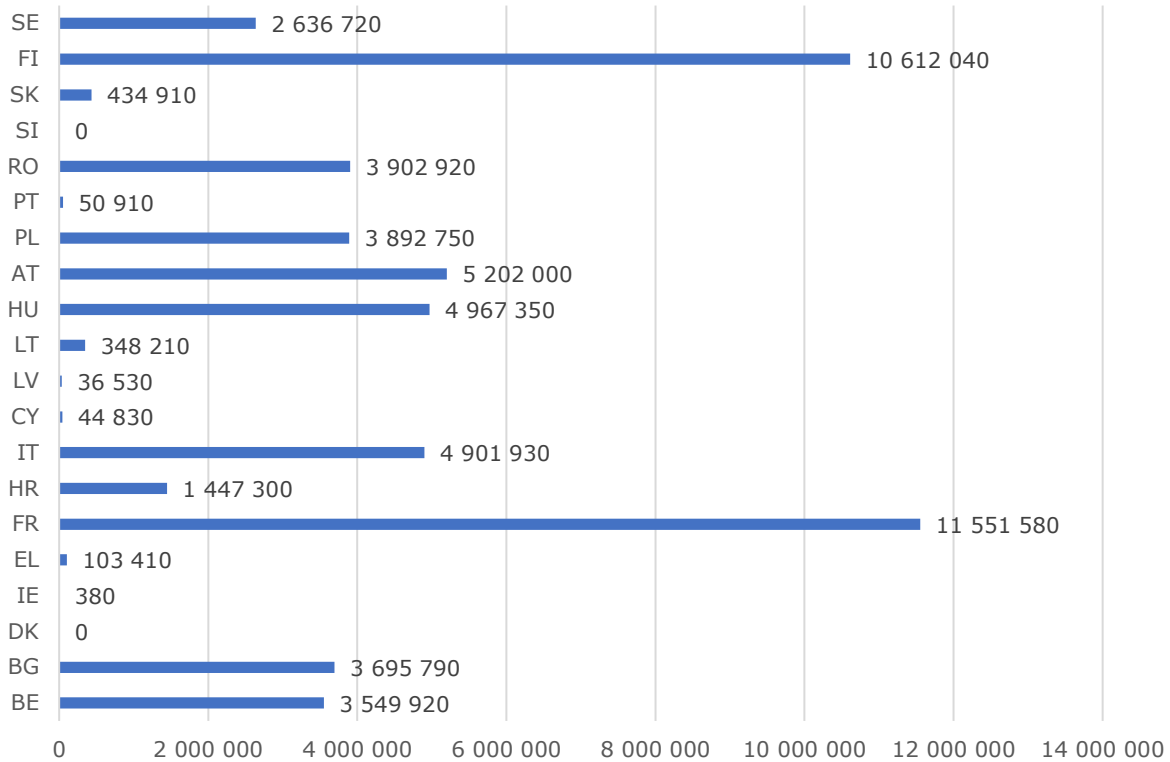
The highest number of LEADER-funded projects (Figure 6) can be found in Spain, followed by Poland and Germany. Spain has however fewer LAGs than Poland and Germany. In total, LEADER had supported 118 650 projects across all Member States, by 2023.

Figure 6: Number of LEADER projects



Source: Project team, 2024; Indicator: 20 Number of LEADER projects supported.

Figure 7: Population benefiting from improved services/infrastructures (non-ICT operations)



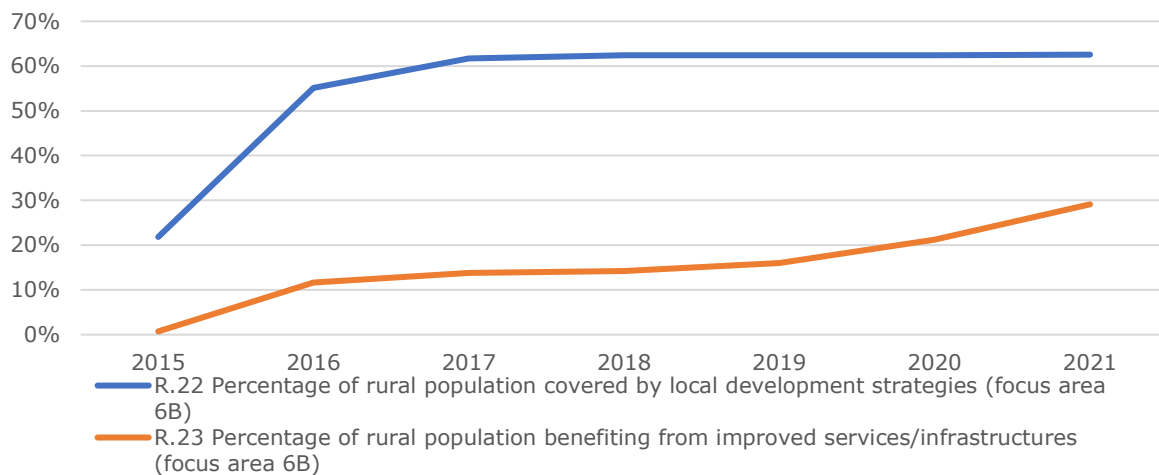
Source: Project team, 2024; Indicator: 15.1 Population benefiting from improved services/infrastructures (non-ICT operations); Note: Germany and Spain are excluded from this graph due to very high output indicator values (418 million and 85 million inhabitants covered, respectively) which would distort the axis.

EAFRD support targeting improving basic services can be monitored using OI 15.1 “Population benefiting from improved services/infrastructures (non-ICT operations)”. Figure 7 depicts, by Member State, the value of that OI. As described earlier, access to basic services is an essential aspect of rural vitality, thereby contributing to strengthening rural areas. This suggests a total of 560 million people benefited from improved services and infrastructure across the EU-27. However, this figure will include some double/multiple counting of the same inhabitants e.g. from multiple financed operations located in the same village or area.

Result Indicators

CAP effects on basic services in rural areas and support to rural areas beyond farming is shown in Figure 8 via indicators R.22: percentage of rural population covered by local development strategies; and R.23: percentage of rural population benefiting from improved services or infrastructure. In 2021, over 60% of rural populations as defined by Member States were covered by a local development strategy, while 29% benefited from improved services and/or infrastructure due to CAP support.

Figure 8: Support to rural areas beyond farming: basic services and LEADER



Source: Own elaboration, based on European Commission – AGRI Data Portal, 2023.

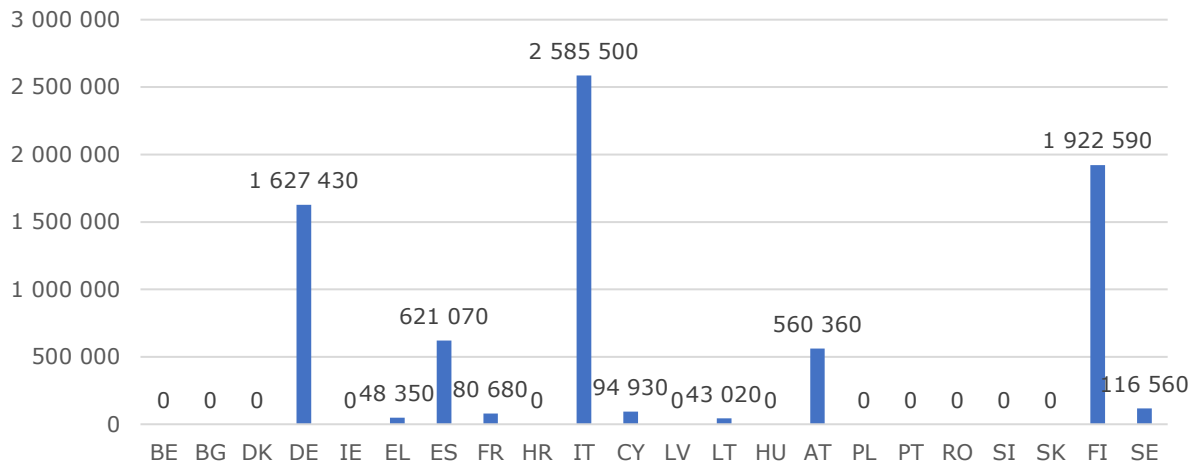
Note that the percentage of rural population benefitting from improved services/ infrastructure increased particularly in the last years of the programming period.

4.1.2 Connected rural areas

Output Indicator

The role of the EAFRD in fostering digital infrastructure in rural areas is shown by OI 15.2 “Population benefiting from improved services/infrastructure (ICT operations/broadband and other ICT)” (Figure 9). This suggests that rural population in relatively few countries benefited, which may be explained by factors such as limited Member States’ commitment, low measure uptake and/or use of other EU/national funds for such actions.

Figure 9: Population benefiting from improved digital infrastructure (2014-2021)



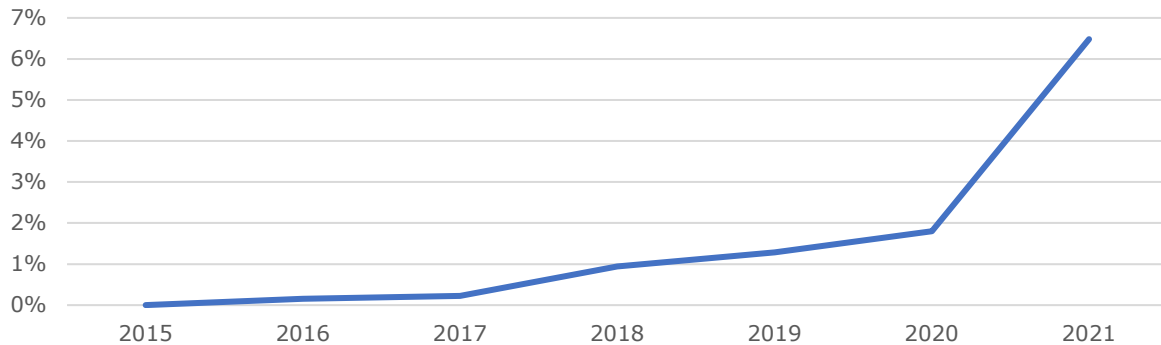
Source: Project team, 2024; Indicator: OIR_15.2 Population benefiting from improved services/infrastructures (ICT operations/broadband and other ICT).

Result Indicators

Figure 10 presents the percentage of rural population benefiting from new or improved services or infrastructure for information and communication technology (ICT): RI 25. Despite a sharp increase between 2020 and 2021, fewer than 7% of the rural population is recorded as benefiting from CAP-supported improvements, by 2021.

Figure 10: Investments in digitalisation and connectivity

R.25 Percentage of rural population benefiting from new or improved services/infrastructures (information and communication technology – ICT) (focus area 6C)



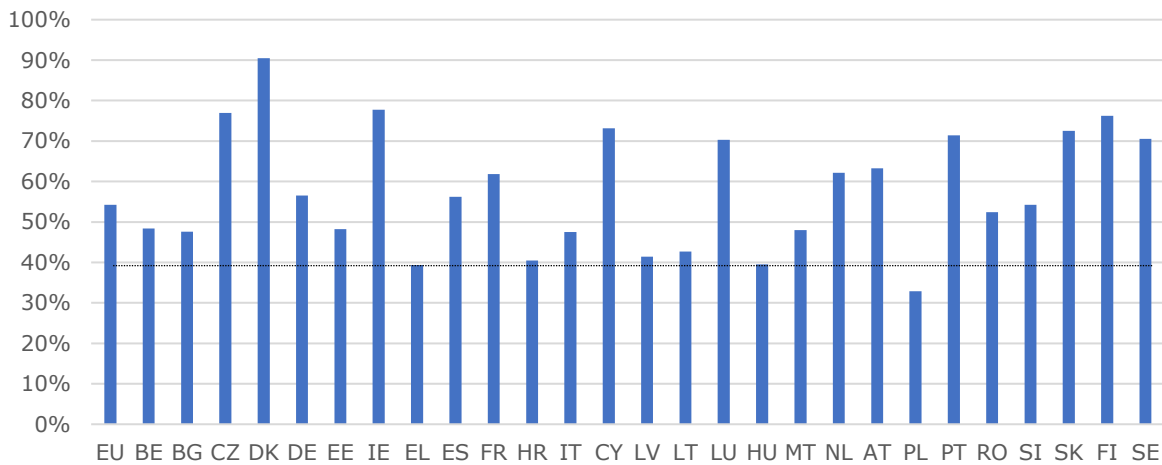
Source: Project team, 2024; based on European Commission – AGRI Data Portal, 2023.

4.1.3 Resilient rural areas

Output Indicators

Under resilient rural areas, two output indicators illustrate CAP contributions to environmental resilience and climate change: OI 28 “share of EAFRD contribution reserved for environment and climate” (Figure 11); and OI 9 “ecological focus areas” (number) supported by EAGF direct payments (Figure 12). The EU EAFRD average for OI 28 reaches 54%, with some Member States (particularly Czechia, Denmark, Ireland, Cyprus, Luxembourg, Slovakia, Finland, and Sweden) showing relatively strong shares.

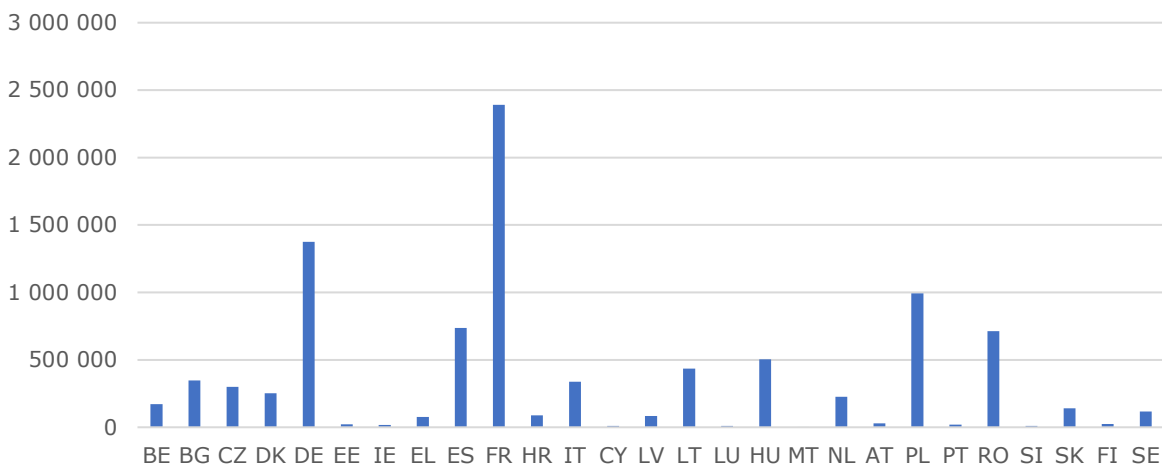
Figure 11: Share of EAFRD contribution reserved for environment and climate (2021)



Source: Project team, 2024, Indicator: OIR_28 Share of EAFRD contribution reserved for environment and climate. Note: the bar indicates the EU average.

The EFAs foster the greening of farming and their main aim is to improve biodiversity. Overall, the number of hectares shown as covered by EFAs was relatively limited across Member States (Figure 12).

Figure 12: Hectares of land covered by EFA in 2021

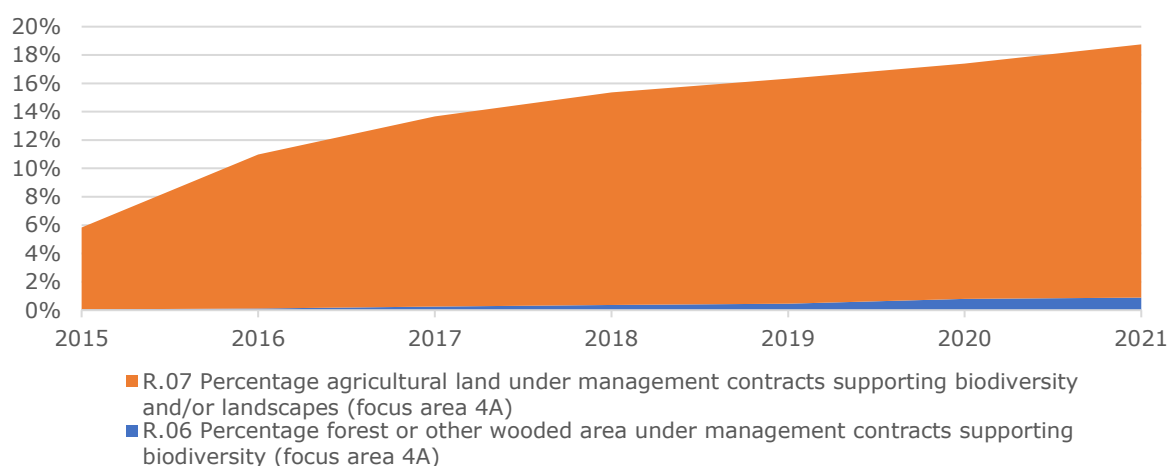


Source: Project team, 2024, Indicator: OID_09 Ecological Focus Areas.

Result Indicators

Figure 13 shows two result indicators for **CAP support to biodiversity**: R.07 percentage of agricultural land under management contracts supporting EU biodiversity and/or landscapes; and indicator R.06 percentage of forest or other woodland under management contracts supporting biodiversity. In 2021, R.07 stood at just over 18% for the EU as a whole, while R.06 was only around 1%.

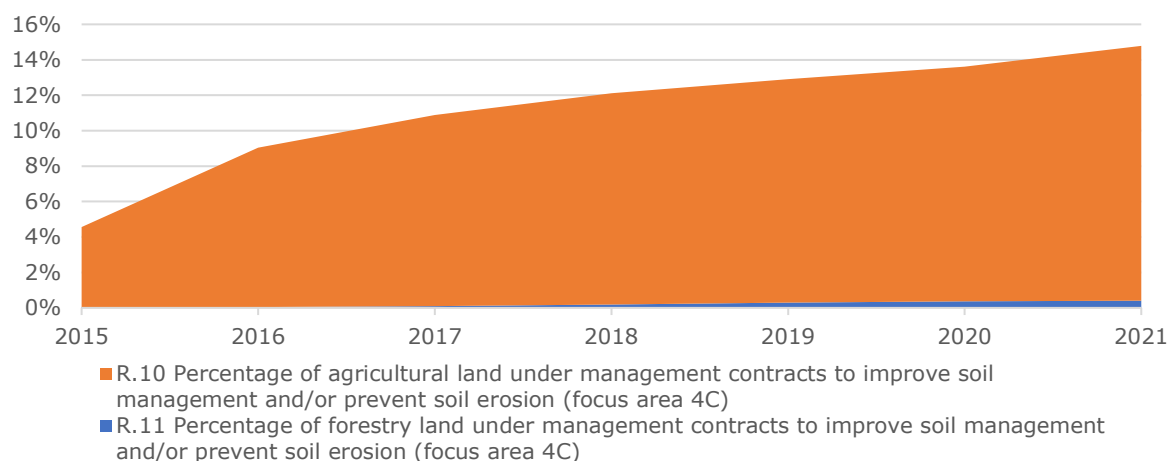
Figure 13: Support to biodiversity



Source: Own elaboration, based on European Commission – AGRI Data Portal, 2024.

Two indicators describe **CAP support for soil health**: R.10 percentage of agricultural land under management contracts to improve soil management and/or prevent soil erosion; and R.11 percentage of forestry land under management contracts for the same purpose (Figure 14). As of 2021, 14% of EU farmland and almost 0.5% of forest/woodland had management contracts to improve soil management and/or prevent erosion.

Figure 14: Support to soil health

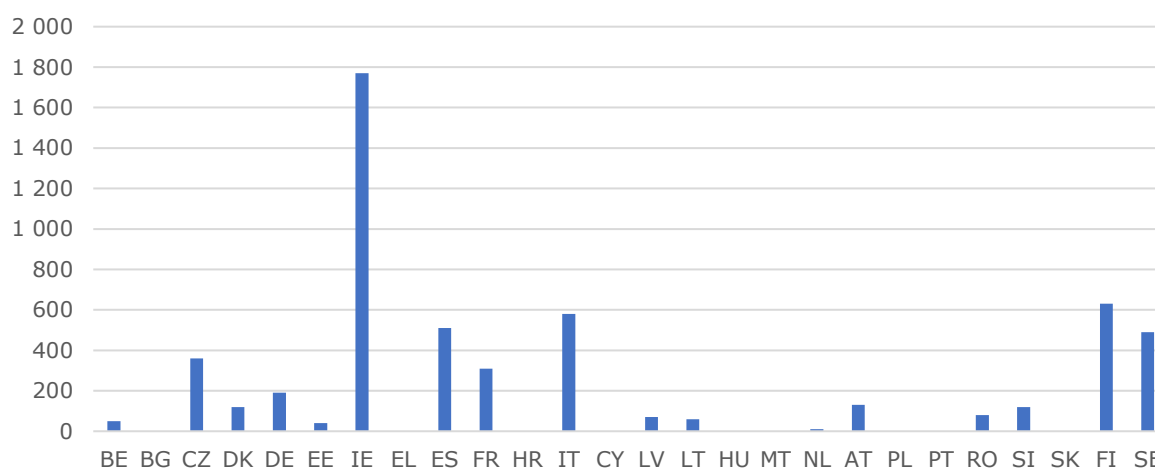


Source: European Commission – AGRI Data Portal, 2024.

4.1.4 Prosperous rural areas

Output indicators

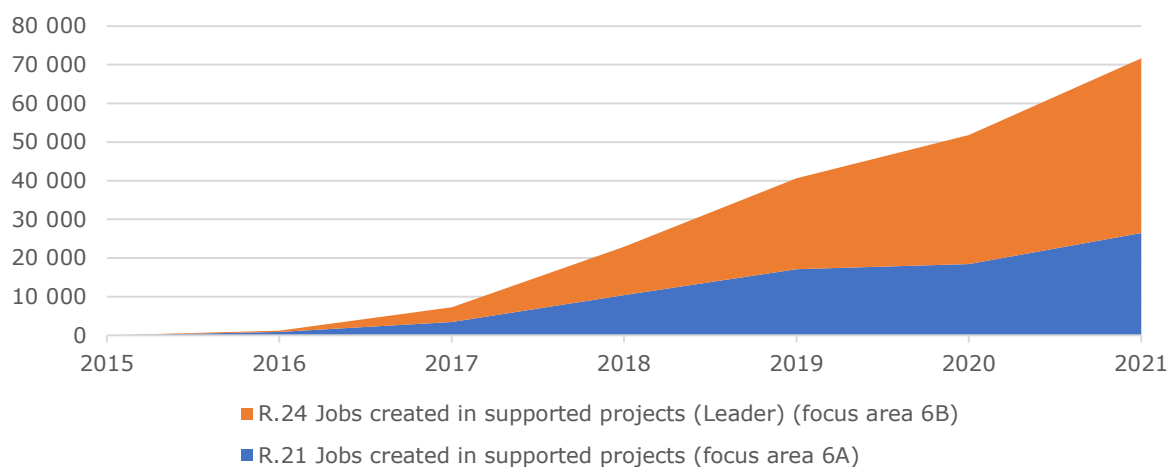
To assess EAFRD support under LTVRA action field *prosperous rural areas*, OI 17 “Number of cooperation operations supported” provides an overview (Figure 15). Cooperation projects (other than EIP) can help strengthen producer organisations and support entrepreneurship and economic diversification. Some Member States (particularly Ireland, Finland and Sweden) have supported relatively more than others, in relation to the size of their RDP. For the whole EU, 5 520 cooperation projects were supported up to 2021.

Figure 15: Number of cooperation operations supported (other than EIP), 2021


Source: Project team, 2024; Indicator: OIR_17 Number of cooperation operations supported (other than EIP).

Results

Job creation via rural development support (Figure 16) is illustrated by result indicator R.21 number of jobs created in projects supported by the CAP and LEADER. By 2021, 26 460 jobs were created by CAP-supported projects and a further 45 210 via LEADER.

Figure 16: Job creation via rural development support


Source: Own elaboration, based on European Commission – AGRI Data Portal, 2023.

4.2 Examining different strategic approaches to rural areas via case studies

The project team conducted 12 case studies (section 3.6) analysing how the Member States and regions supported rural areas using various EU and national funds in relation to the LTVRA, in the 2014-2022 period. To do so, and in line with the study TOR, analysis was structured by categorising Member State approaches into three groups (section 2.4)¹⁰:

- Member States with holistic rural strategies;
- Member States with strong political commitment to supporting rural areas ;
- Member States with other approaches.

¹⁰ This categorisation and initial allocation of Member States was suggested by the terms of reference and enriched/validated by the case studies.

Member States with a holistic strategy

The category “Member States with holistic strategies” included France, Ireland, Italy and Spain. These four countries set specific objectives for rural areas, including all interventions within a coherent programming framework. Examples include the inner areas strategy in Italy; rurality contracts and territorial contracts at regional level in France; a national strategy to address demographic change in Spain; and the action plan for rural development in Ireland 2017-19 plus its 2021 policy strategy “Our rural future”.

Table 3 shows how these rural area objectives were very diverse, including not only support for economic activities but also targeting a broad range of rural needs. These Member States targeted 2014-2022 funding specifically at rural areas, integrating support from the CAP and other ESIF but also national and/or regional funds. This generally included a specific focus on more deprived areas, or areas with specific needs. Spain, for example, has a dedicated strategy to meet the needs of depopulated areas while Italy and France target funding at relatively more deprived (inner) peripheral areas. Ring-fenced funding for relatively more deprived rural areas can improve targeting, reducing the risk that better performing and relatively deprived rural regions compete directly for the same funding allocation.

Table 3: Characteristics of countries with a holistic rural approach

	Italy	France	Spain	Ireland
Denomination of the policy	Inner areas strategy	Agenda rural & rurality contracts and territorial contracts	National strategy to meet the demographic challenge	Action plan for rural development (2017-2019) and our rural future (2021+)
Strategic interventions targeting broader needs of rural areas	<ul style="list-style-type: none"> Access to services (education, local mobility and healthcare services) Broader sustainable local development (agri-food, tourism, craft) 	<ul style="list-style-type: none"> Access to services and healthcare Revitalising town centres Territorial attractiveness Mobility Ecological transition Social cohesion 	<ul style="list-style-type: none"> Ensuring access to basic public services Fostering economic cohesion Advancing social cohesion Promoting territorial cohesion 	<ul style="list-style-type: none"> Sustainable communities Enterprise and employment Rural tourism and recreation potential Culture and creativities in rural communities Rural infrastructure and connectivity
Dedicated funds	ESIF, national cohesion and development fund and regional funds	ESIF & national funds but also regional and communal funds	National level: RRF. Regional level: EAFRD, ERDF, ESF.	A mix of ESIF and national funding
Rural area definition	Inner areas (areas further from service provision), including peripheral, ultra-peripheral and intermediate areas	Specific rural definition	Targeted areas: sparsely populated areas and areas at risk of depopulation	All areas beyond five main cities

Source: Project team elaboration from case studies, 2024.

Member States with strong political commitment

The category of Member States with “strong political commitment” to supporting rural areas includes Austria, Finland, and Czechia¹¹. Member States in this category did not have targeted area-specific rural strategies but had a framework combining EU and local policies to support rural development. These approaches reflect significant investment in rural areas, but with a less explicit focus beyond farming, or on more deprived rural areas.

¹¹ Please note that Czechia’s approach to rural development in post 2021 period “Rural development concept 2021+” can be classified as holistic. Similarly, Finland’s approach covering 2021-2027 features elements which characterise holistic strategies, such as a focus beyond farming and specific definitions for types of rural areas.

Nevertheless, LEADER/CLLD multi-funding was used in many of these Member States as a key vehicle integrating multiple rural funding sources.

- Austria had an overarching strategy for integrated territorial development: the Austrian spatial development concept 2030. This provided a framework covering EU, federal, and state support for regional development, which is relevant for rural areas because it identified specific needs, differentiated according to various types of rural area. There was no ring-fenced funding mechanism for such areas beyond EAFRD and explicit integration beyond LEADER/CLLD was not separately defined for rural areas.
- Finland had a general framework for rural areas (the national rural policy), with some focus on sparsely populated areas, but without dedicated funding embedded in it, and with strong LEADER/CLLD implementation. Its rural funding integration 2014-2022 was comparatively low outside LEADER/CLLD, with EAFRD playing an important role. A more holistic strategy was created via its 2021-2027 rural policy council programme.
- Czechia had a regional development strategy with a specific focus on rural development and a strong multi-funded LEADER/CLLD implementation, applying funding from all four ESIF. Czechia has shifted to a holistic strategy to supporting rural development with its “rural development concept 2021+”.

National strategies and plans guided rural action but did not necessarily provide dedicated funding to particular types of rural area (via territorially targeted calls or eligibility criteria). They focused on common actions or needs in implementing CAP and cohesion policy funds.

Member States with other types of approach

This category of Member States includes Germany, Portugal, Romania, Croatia and Bulgaria. They generally had sectoral or thematically-oriented rural development strategies 2014-2022, without an explicit national focus on rural development beyond farming, while some lacked a comprehensive rural framework outside of CAP funds. Germany, for example, had general frameworks guiding rural development funding but with a strong focus on sectoral support¹². Some of these Member States promoted rural funds’ integration at regional level, such as Portugal¹³, via integrated territorial contracts and LEADER/CLLD multi-funding. Member States including Croatia, Bulgaria and Romania did not have a specific, strategic rural areas framework; existing governance structures were closely tied to the partnership agreement and EAFRD implementation. However, Bulgaria applied multi-fund LEADER/CLLD with a sizeable share of such funding from ESF.

These three categories of Member States are quite loosely defined and are not intended as a hierarchy of rural area funding approaches. Rather, they seek to highlight the marked diversity of approaches in using the varied resources available for different types of rural regions and needs, and were primarily created to enable investigation of how different approaches might affect the relevance and coherence of funding for rural areas.

¹² The German strategy for agricultural structures and coastal protection is a sectoral strategy. However, Germany’s federal structure means approaches with a stronger focus on integrated support and rural development beyond farming existed in some federal states, more than others.

¹³ Portugal’s strategy for ‘valorisation of inner areas’ included a ring-fence mechanism for these rural areas and certain funding programmes, but case study evidence suggests it did little to change overall funding to them.

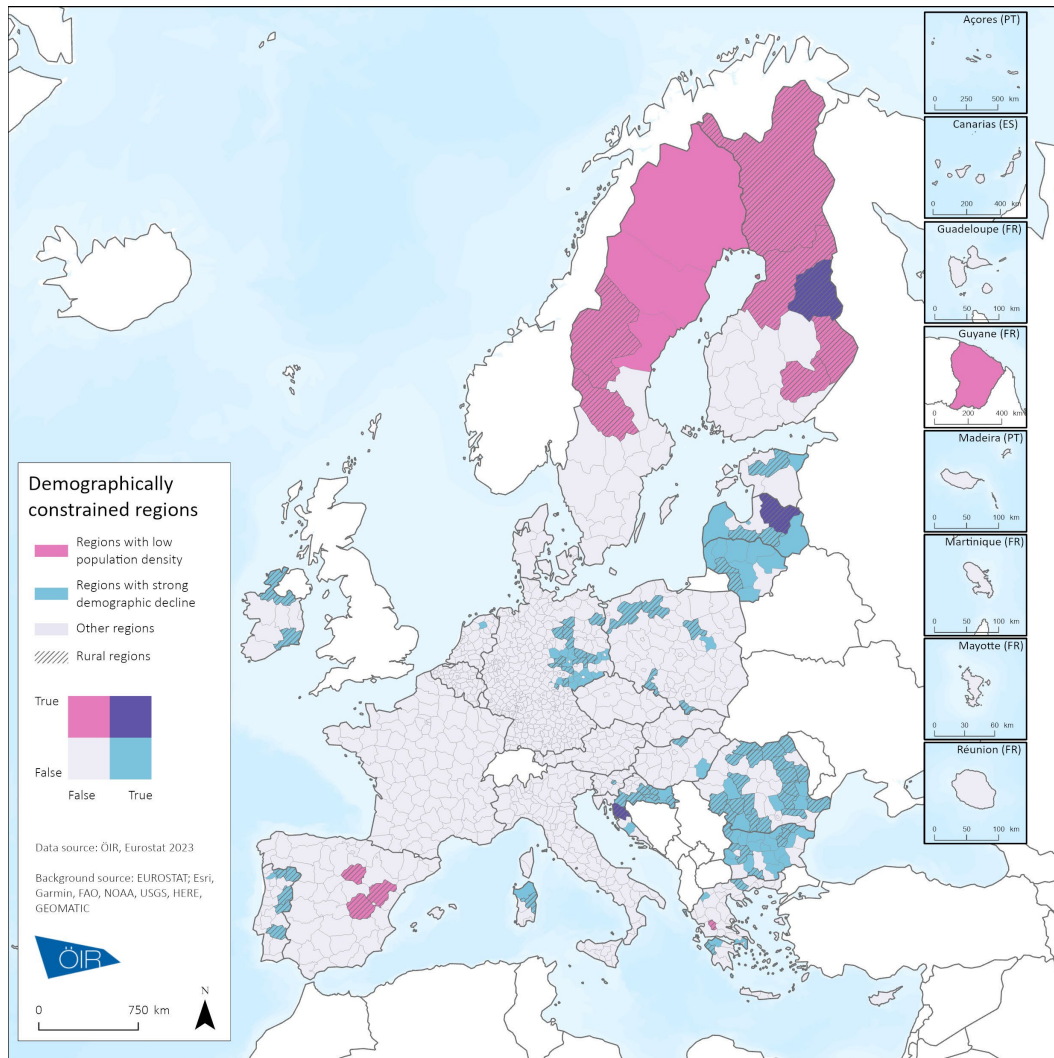
5. Identification of remote and constrained rural regions

Section 3.3 detailed the approach to identifying remote and constrained rural regions: those facing demographic and/or geographic constraints, and/or remoteness.

5.1 Demographically constrained rural regions

Types related to *very low population density and strong demographic decline* were developed by the project team using data available on Eurostat. The definitions applied for very low population density (under 12.5 inhabitants per km²) and persistent population decline (average annual decline of more than 1%, 2007-2017) correspond to thresholds used for ERDF/CF 2021-2027 support targeting regions with specific demographic challenges and sparsely populated regions (Regulation (EU) 2021/1058). These are presented in Map 1 for both rural and intermediate regions. Rural regions are highlighted in grey hatching to enable differentiation from intermediate regions. Among regions with very low population density, we find both rural and intermediate NUTS3 regions.

Map 1: Demographically constrained rural regions



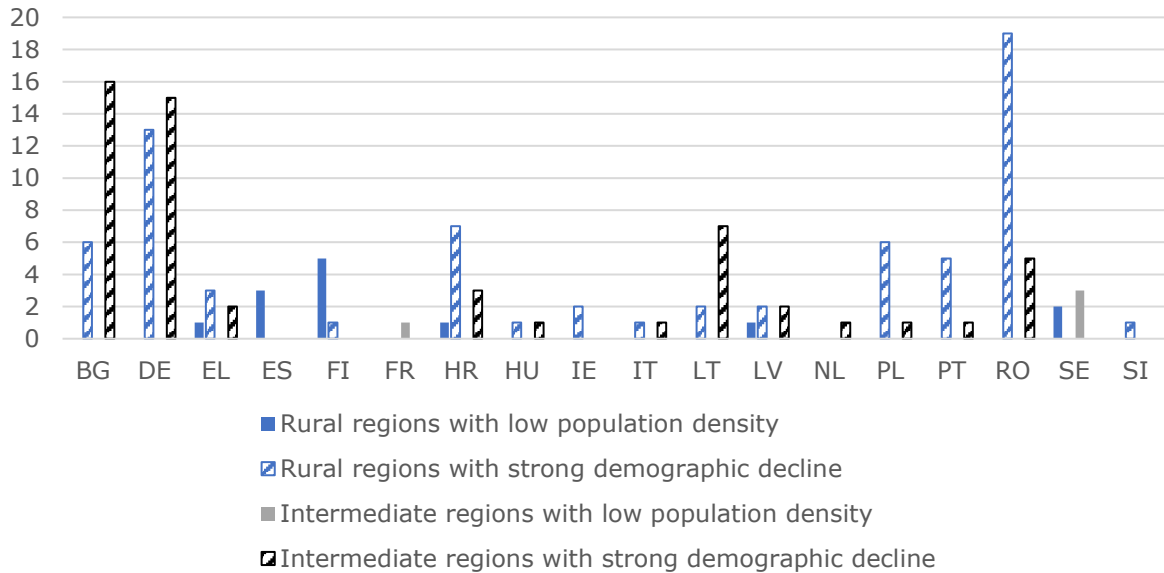
Source: Project team, 2024, based on Eurostat population data.

Rural regions with persistent demographic decline 2007-2017 are mostly located in Portugal (along the Spanish border), Ireland (especially along the Irish border), eastern Germany, Croatia, Bulgaria, Romania and some regions of Poland as well as the Baltic States. A greater number of regions are affected by strong demographic decline (70 regions) than low population density (12 regions with under 12.5 inhabitants per km² in 2022). Rural and intermediate regions of lowest population density occur in Spain, Greece,

Sweden and Finland. The three regions facing strong demographic decline with very low population density are in coastal Croatia, north-east Latvia and eastern Finland.

Figure 17 shows the number of rural and intermediate regions facing different combinations of demographic constraint, by Member State.

Figure 17: Rural and intermediate regions with demographic constraints by MS



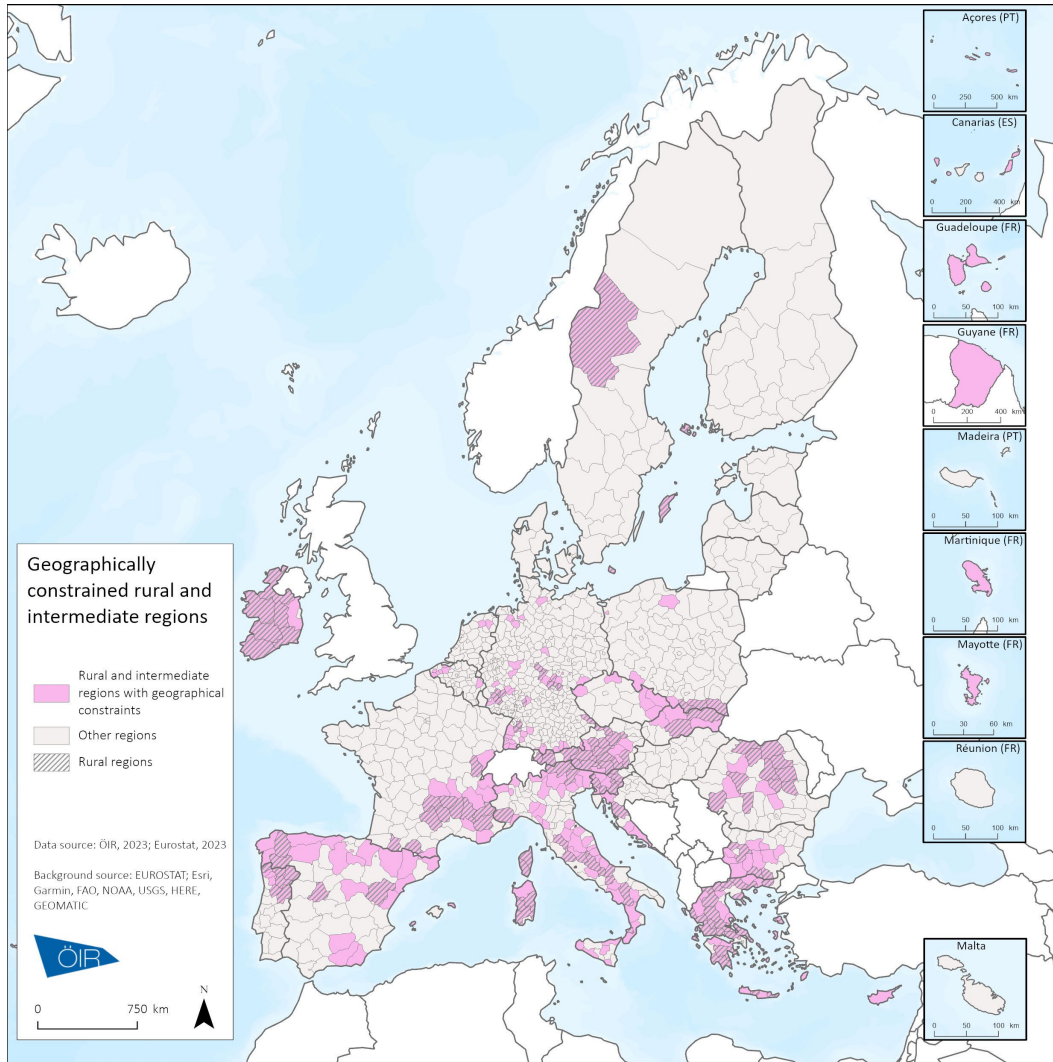
Source: Project team, 2024.

5.2 Geographically constrained rural regions

Map 2 shows rural regions with specific geographical constraints, i.e. located in coastal or mountainous areas, on islands or in outermost regions, using Eurostat typologies. The map differentiates rural regions (marked with grey hatches) and intermediate regions.

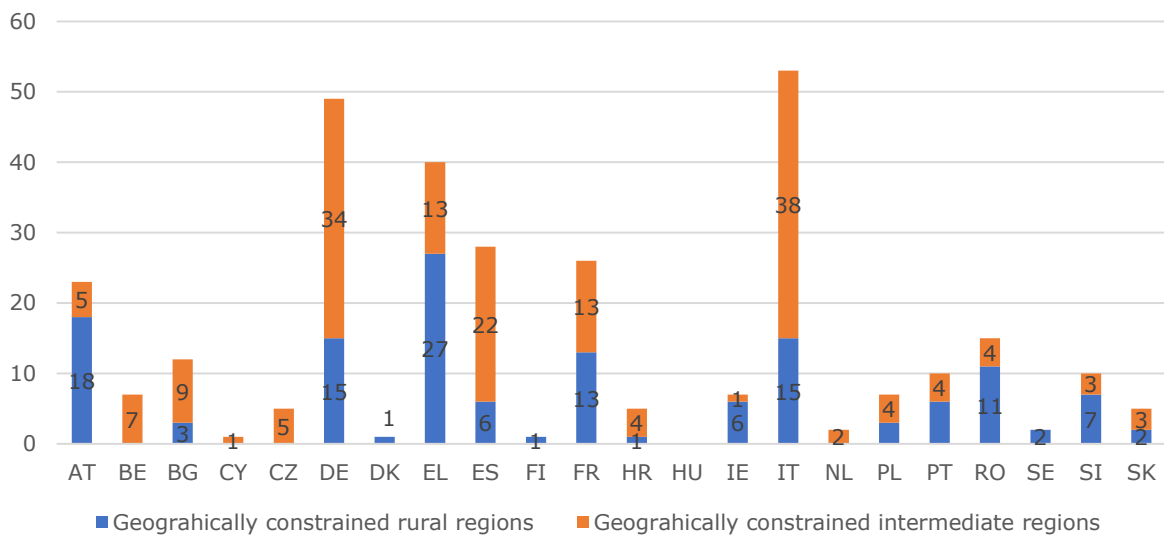
Overall, such rural regions are mostly found in Ireland, northern Portugal and Spain, southern France and Italy, Austria, Slovenia, Greece, Romania, Slovakia, and Sweden; while intermediate regions facing similar challenges are mainly in Spain, France (including its outermost regions), Italy and Czechia (Figure 18). Countries with the highest number of regions with geographical constraints are Greece, then Austria, Germany and Italy.

Map 2: Geographically constrained rural regions



Source: Project team, 2024, based on Eurostat typologies.

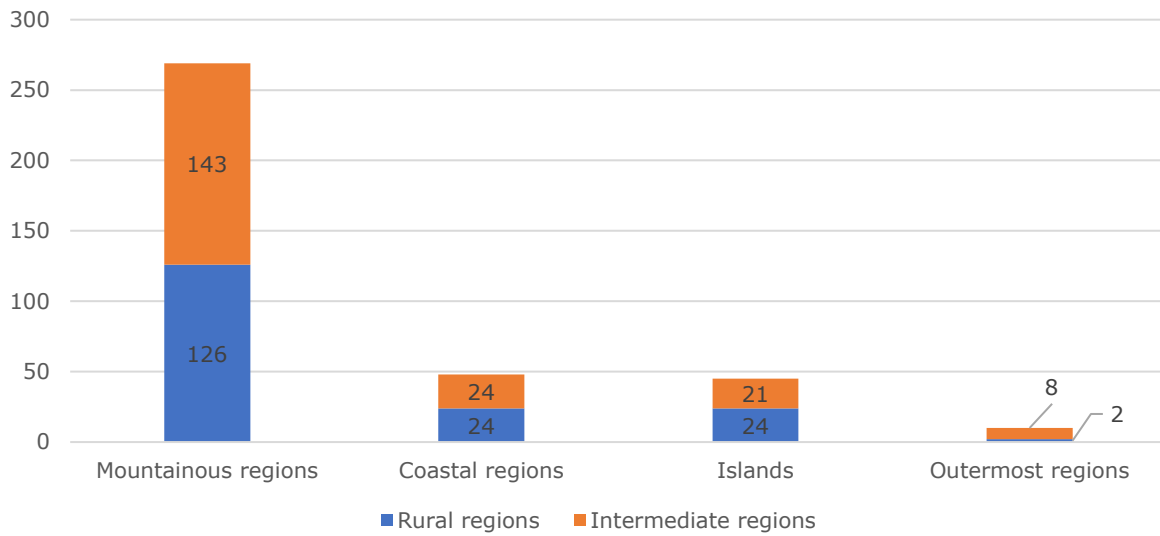
Figure 18: Number of rural and intermediate regions with geographic constraints per MS



Source: Project team, 2024.

Figure 19 specifies the number of rural regions by type of constraint and in total, showing that 92% of regions with geographic constraints are mountainous.

Figure 19: Number of rural and intermediate regions with geographic constraints

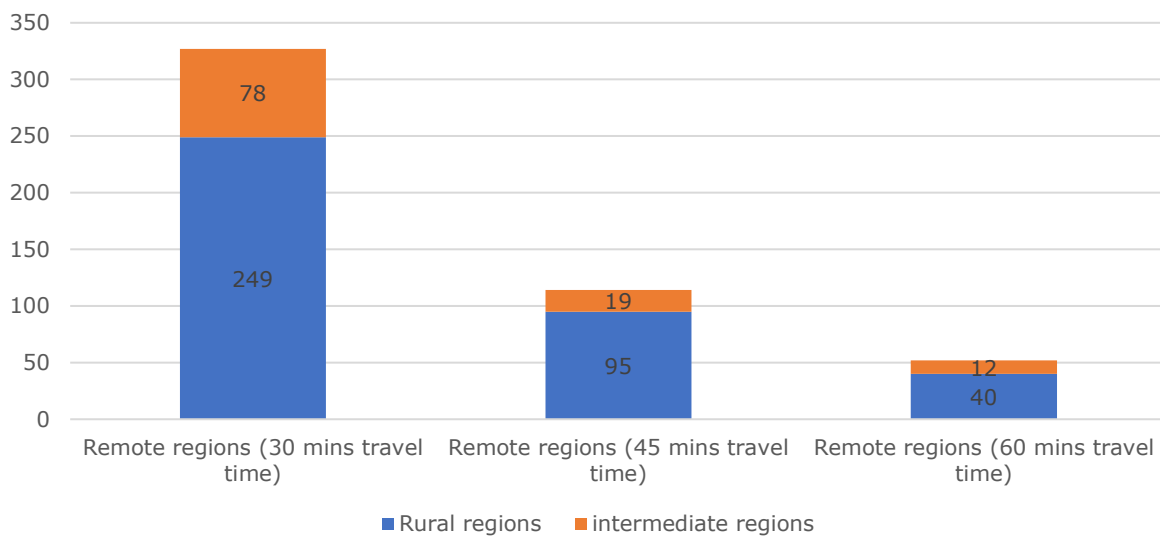


Source: Project team, 2024. Note: the combined numbers of mountainous, coastal and island regions exceeds the total number of geographically constrained regions as some regions belong to multiple categories.

5.3 Remote rural regions

The LTVRA applies the Eurostat definition of remote rural regions¹⁴: regions in which the majority of the population lives at least 45 minutes travel time (by car) away from the closest city with more than 50 000 inhabitants. This study used this same definition, as detailed in section 3.3, to identify NUTS3 regions by degree of remoteness. The categorisation includes both rural and intermediate regions. Figure 20 indicates the number of rural and intermediate regions by travel time (from the closest urban centre). The first category corresponds to travel time exceeding 30 minutes, the second: travel time above 45 minutes (using the Eurostat definition these regions are those considered as remote) and the third and last one, above 60 minutes.

Figure 20: Number of remote regions by travel time

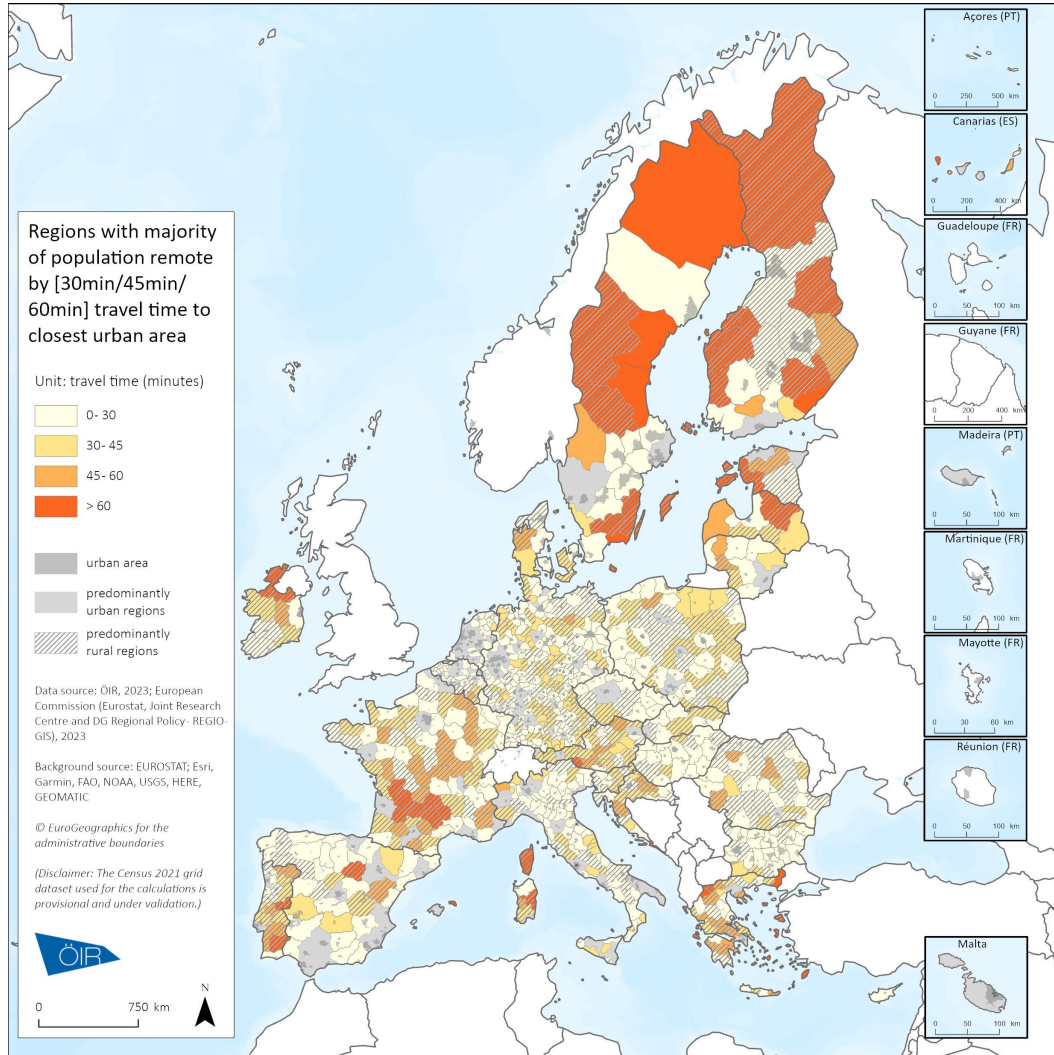


Source: Project team, 2024.

¹⁴ Available via [Eurostat](#).

Results are visualised in Map 3. Overall, this analysis is consistent with the Eurostat assessment highlighted at the start of this section. A majority of very remote regions (60 minutes travel time) are in Sweden and Finland, with some in France, Latvia and Estonia.

Map 3: Remote rural and intermediate regions based on travel time



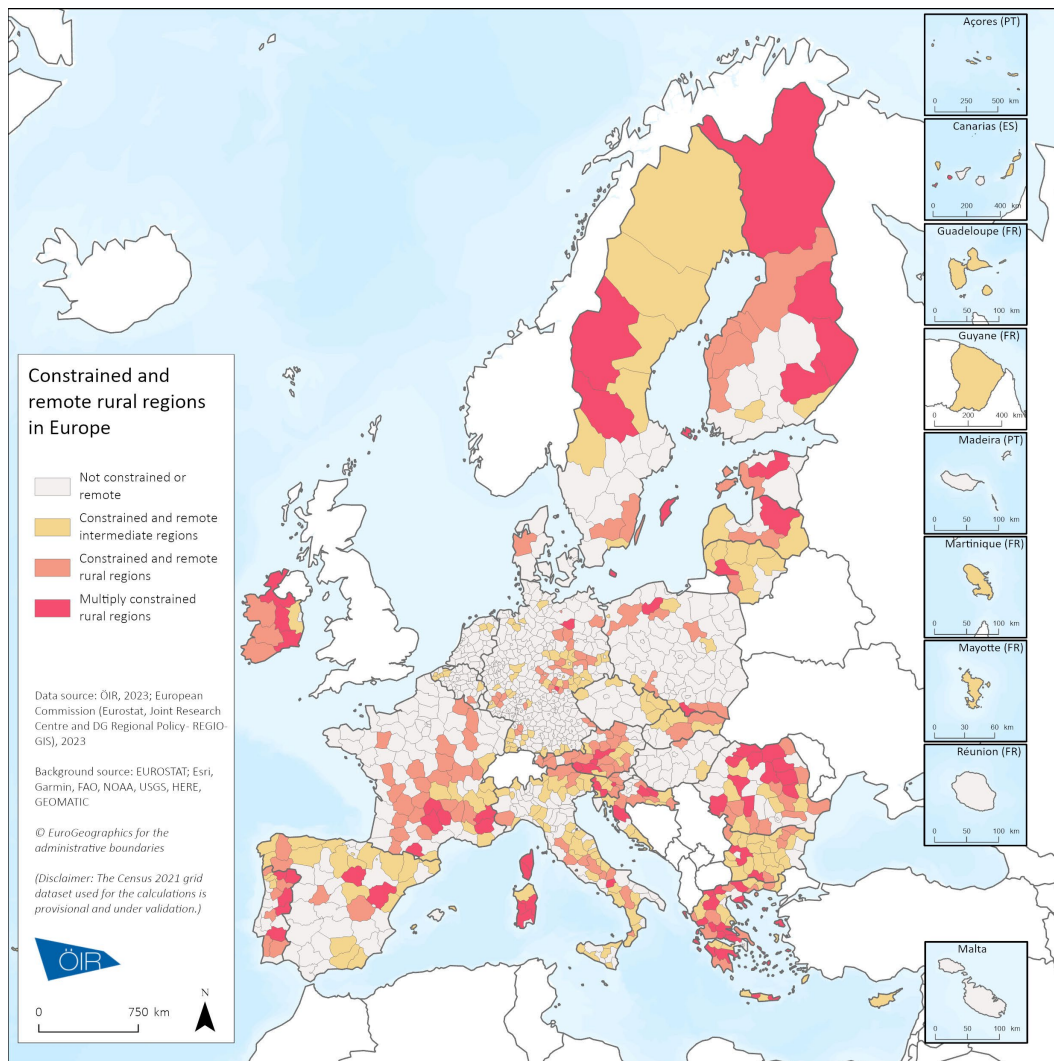
Source: Project team, 2024.

5.4 Constrained and remote rural regions

Based on the previous steps and analyses the next map identifies constrained and remote rural regions. Map 4 highlights the following types, as follows:

- Yellow: all **intermediate** regions which face some degree of constraint or remoteness (above 45 minutes of driving time);
- Orange: all **rural** regions which face some degree of constraint or remoteness (above 45 minutes of driving time);
- Red: **rural** regions with multiple constraints, such as being sparsely populated and remote, or mountainous and facing demographic decline.

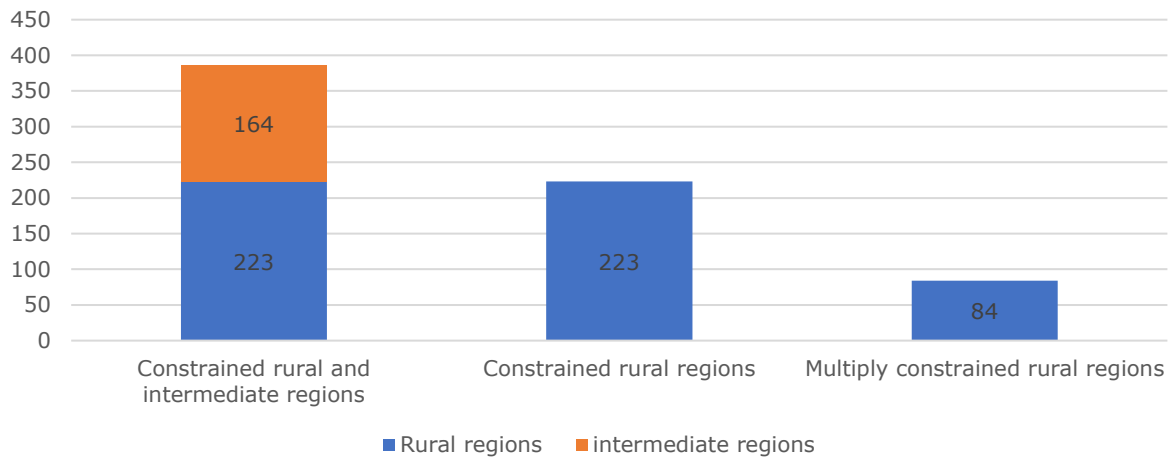
Map 4: Constrained and remote rural regions



Source: Project team, 2024.

Constrained and remote rural and intermediate regions are principally located in northern Spain, Portugal, Italy's interior, Ireland, south-central France, eastern Germany, south eastern Czechia and much of Slovakia; Croatia, Bulgaria, Romania, Greece and Cyprus, also Lithuania, Latvia and Estonia, Finland and Sweden. Constrained and remote rural regions are highlighted in orange while intermediate ones are in yellow. Regions in red face multiple constraints (e.g. remote and affected by demographic issues), and are mostly in Ireland, Portugal, Greece, Romania, Latvia, Estonia, Finland and Sweden. Figure 21 shows numbers of rural and intermediate regions by type and degree of constraint.

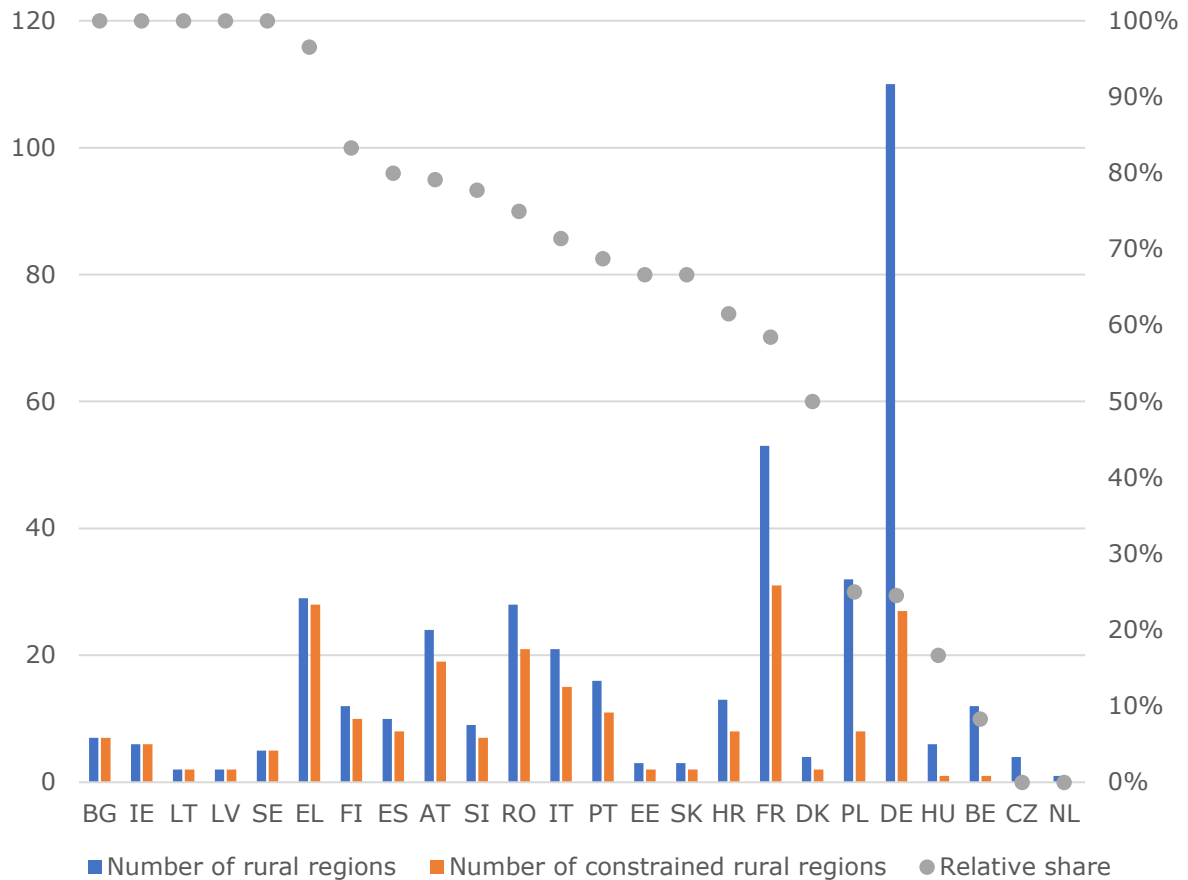
Figure 21: Numbers of regions by type and degree of constraint



Source: Project team, 2024.

Figure 22 indicates by Member State, the number of both constrained and remote rural regions as well as the share of such areas among all rural regions. In some countries, all rural regions are constrained, namely Bulgaria, Ireland, Latvia, Lithuania and Sweden. Germany has the largest number of rural regions but comparatively few are constrained and remote. Overall, 54% of EU rural regions are both constrained and remote. This corresponds to 223 regions at NUTS3, representing 10% of the EU population.

Figure 22: Number and share of constrained and remote rural regions by MS



Source: Project team, 2024.

6. Needs in rural regions

This section provides an overview of the needs of rural and intermediate regions as identified by a literature review, indicator analysis, and cluster analysis. It is structured by the four LTVRA blocks of action (stronger, connected, resilient and prosperous).

6.1 Stronger rural areas

6.1.1 Needs in rural areas

This block of action focuses on empowering rural communities, and access to services facilitating social and community-led innovation including smart villages, spatial and land-use planning and youth involvement (COM(2021) 345 final, 2021). This action directly addresses the demographic challenges faced by rural areas as well as their root causes.

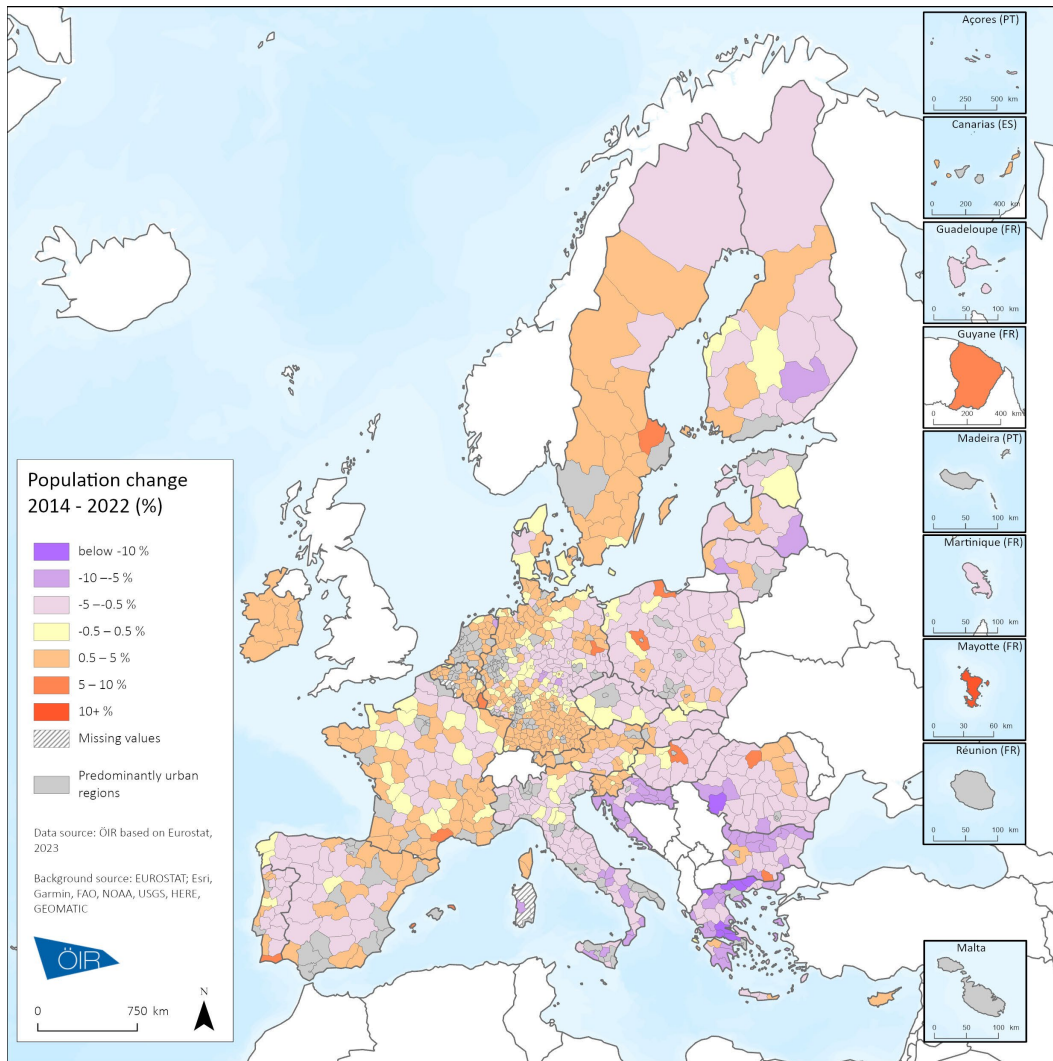
Table 4 presents the most relevant indicators for this block of action and provides a benchmark of rural regions using the Eurostat typology, remote and constrained rural regions as identified in section 5, and all regions at NUTS3 level. Remote and constrained rural regions are a sub-class of the category rural regions.

Table 4: Characteristics of rural regions – stronger rural areas

Indicator	All regions (average)	Rural regions (average)	Remote and constrained rural regions (average)
Population change, 2014-2022	-	-1%	-1%
Average age (years), 2019	45.2	45.9	46.4
Average distance to closest primary school (km), 2022	6.3	8.3	10.8
Average distance to closest healthcare facility (km), 2022	14.9	19.2	23.8
Share of elderly people, 2022	19.9%	20.4%	21.1%
Share of young people, 2022	14.4%	14.3%	14.2%

Source: Project team, 2024.

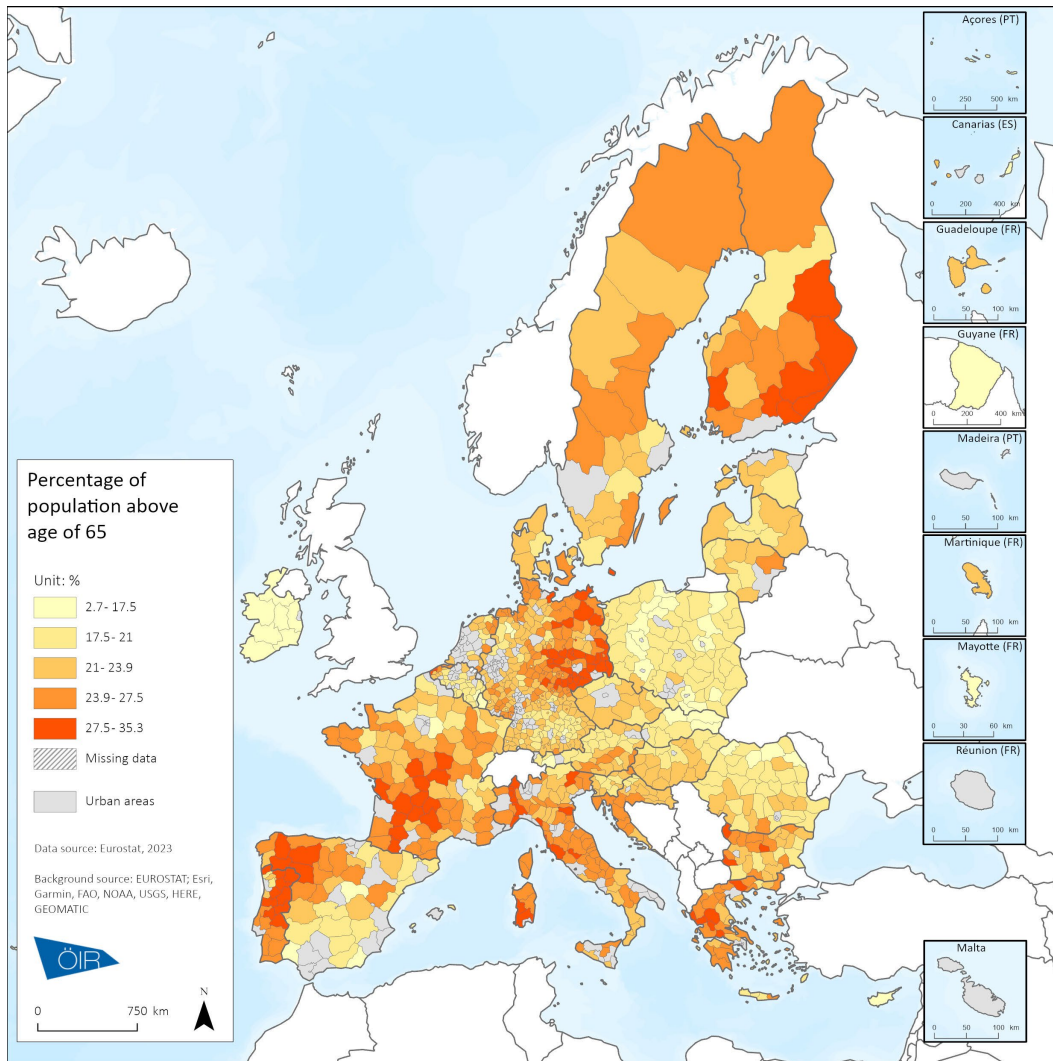
Depopulation is typically used in the research literature as a main indicator to assess the vitality of an area or region. Negative demographic trends present acute challenges resulting from a self-reinforcing “vicious circle” of interrelated socio-economic factors (ESPON, 2017). Demographic trends vary across Member States: some countries (e.g. the Baltic States, Bulgaria, Croatia, Hungary, Portugal and Romania) saw constant decline in rural population since 1991, while in some others (e.g. Ireland, Sweden, Slovenia and western regions of Austria, Germany and France), rural regions grew by more than 0.2% each year between 2014 and 2022 (Map 5). Nonetheless, overall, over the same period, the population in rural areas fell by 0.8 million, while that of urban regions grew by 3.8 million (European Commission, 2020). As shown in Table 4, all rural regions are generally similarly affected to remote and constrained rural regions. Map 5 illustrates countries and regions which are most impacted by population change.

Map 5: Total population change in rural and intermediate regions (EU-27, 2014-2022)

Source: Project team, 2024.

Ageing is another key marker characterising demographic change in rural regions, often directly linked to outflows of younger people (brain drain due to greater educational services in urban areas), thereby leading to a decrease in the labour force. While ageing affects both rural and urban regions (similar average for rural regions and all EU regions, share of elderly people is only slightly higher in remote rural regions: Table 4), ageing in rural regions has stronger impacts (e.g. isolation of older people). Map 6 illustrates where ageing (=share of population above 65) is most prevalent. Rural and intermediate regions most strongly affected are found in Portugal and eastern Spain, south/west France, Italy, eastern Germany and Finland.

Both phenomena (ageing and young people outflows) hinder regions' attractions for businesses and newcomers. They may lead to decrease and/or shifts in public spending, in particular spending more on services targeting an ageing population (Núñez Ferrer *et al.*, 2023).

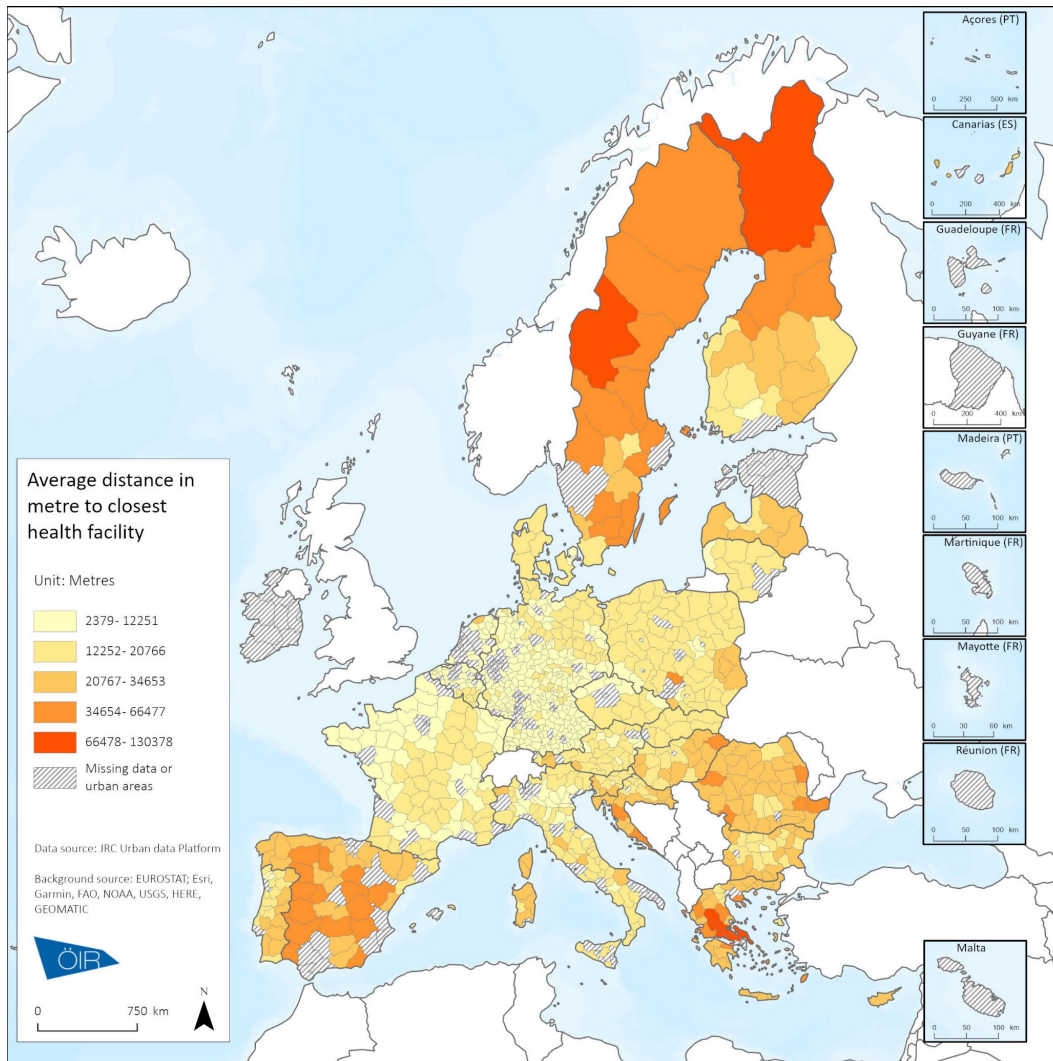
Map 6: Share of elderly population (%) in 2022 (rural and intermediate regions)

Source: Project team, 2024, based on Eurostat.

The relatively limited educational opportunities available in a number of rural areas are an issue, especially considering the type of educational opportunities. Weiss et al (2022) reveals a pattern of “migration stream selectivity” whereby those seeking tertiary education are more likely to move from rural to more urbanised areas to find specific educational options. Young people’s migration decisions are also linked to other factors such as “the geography of the locality, the social setting, the level and the degree of accessibility to infrastructure, the provision of social services, the condition of the local labour market and the role of family, friends and social networks” (European Commission, 2017). Poor generational renewal, relatively lower educational levels and exodus of young people from rural areas represent critical challenges for their sustainability and vitality.

Access to services, especially services of general economic interest and social services of general interest as well as infrastructure fulfilling the needs of the rural population as a whole are an essential element for stronger rural areas. These services and infrastructure include e.g. healthcare, education, leisure, cultural and sport activities as well as water, sanitation, energy, transport, financial services and digital communications. Of note, several of these services are also relevant and addressed under other blocks of action (e.g. transport under the connected block).

Map 7 shows the access to services of general interest such as health facilities in rural areas across the EU (in 2022). The regions with lowest access are found in Sweden, Finland and Greece. By type of territory, limited access to health facilities is much more apparent in remote and constrained areas compared to other rural regions (Table 4).

Map 7: Accessibility of health facilities in 2022 (rural and intermediate regions)

Source: Project team, 2024, based on JRC Urban Data Platform.

The fundamental role of these services was investigated in a study using access to services of general interest as a diagnostic tool to identify well-being disparities among rural areas in Europe (Ortega-Reig *et al.*, 2023). Access to these services is particularly important for people who are not very mobile, e.g. young and elderly people. For example, the lack of transport in rural areas prevents young people from accessing opportunities such as education, leisure, cultural activities, public services and employment (Şerban and Braziené, 2021). Likewise, the lack of such opportunities reinforces the rural exodus of young people.

While rural territories present similar issues of access to services of general interest, shifts in their design and provision have multiple facets in different Member States (e.g. due to traditional arrangements, regional socio-economic specificities, national governance mechanisms). However, adaptation strategies drawing from **innovative thinking, practical experimentation and digital solutions have enabled the development of approaches to maintain and ensure the quality of services of general interest in some rural areas** (Chartier *et al.*, 2021). LEADER is a prominent instrument which has been contributing to support basic services and village renewal in rural areas, targeting the wider rural population (Schuh *et al.*, 2021). Strengthening rural areas requires the enhancement of **rural innovation** linked to social and economic development. While the social dimension of innovation is addressed under this block, economic aspects are linked to the promotion of prosperous rural areas.

Social innovation relates to the way knowledge exchange and new forms of cooperation can help tackle social challenges. Social innovation contributes to improve rural

communities' well-being and is more impactful when co-designed and implemented by a broad range of rural stakeholders (Gómez Moreno, 2023).

Despite the proven role of LEADER (Dwyer et al, 2023) and other approaches, research on the well-being of socio-demographic groups in rural areas shows a factor hindering dynamism and resilience in these territories is a weakening sense of identity in rural communities, and lack of empowering place-based policy making and governance (Melece, Kogut and Shena, 2020; Moodie *et al.*, 2023). Enabling citizens to take an active role in policy-making is core to creating a sense of belonging and identification.

6.1.2 Territorial profiles

The cluster analysis of rural and intermediate regions incorporated a series of indicators at NUTS3 level linked to individual elements of the action field stronger rural areas¹⁵.

This produced a regional typology for relevant issues. The results of this analysis are presented in Map 8. Six clusters were characterised as follows (see Table 5 for an overview):

- Cluster 1: Growing regions with very high access to services of general interest (SGEI);
- Cluster 2: Young regions with relatively good access to SGEI;
- Cluster 3: Young regions with relatively low access to SGEI;
- Cluster 4: Moderately shrinking but rapidly ageing regions with moderate access to SGEI;
- Cluster 5: Shrinking and ageing regions with low accessibility of SGEI;
- Cluster 6: Shrinking and ageing regions with very low access to SGEI.

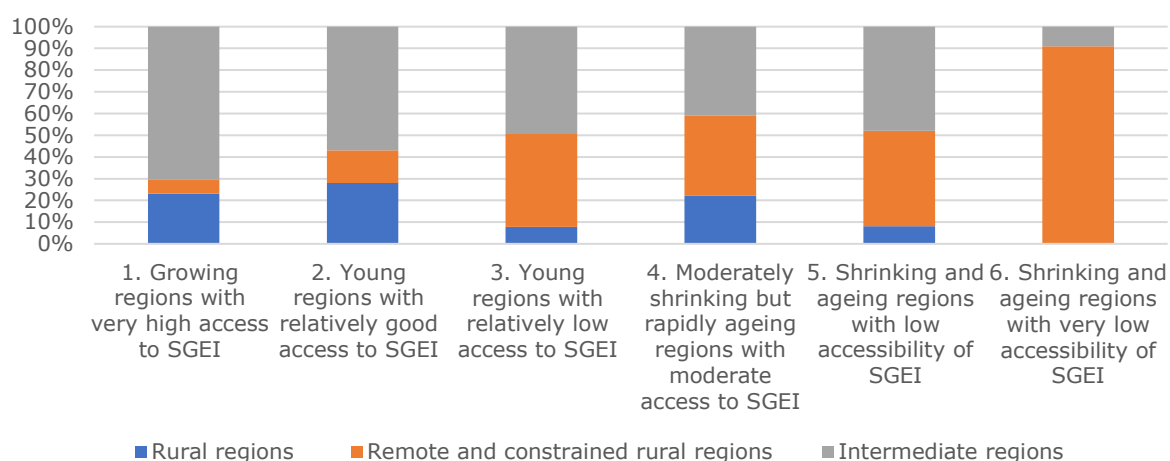
Table 5: Overview of regional characterisation – stronger rural areas

Cluster name	Population trend	Demographic trend and ageing	Access to SGEI	Number of regions
Cluster 1: Growing regions with very high access to SGEI	Growing population	Increasing share of young people, low ageing	Very high accessibility	285
Cluster 2: Young regions with relatively good access to SGEI	Relatively growing population	Low share of elderly, High share of young people	High accessibility	232
Cluster 3: Young regions with relatively low access to SGEI	Declining population	High population, young ageing	Moderate accessibility	89
Cluster 4: Moderately shrinking but rapidly ageing regions with moderate access to SGEI	Moderate population decline	Very low population, young ageing	Low to moderate accessibility	186
Cluster 5: Shrinking and ageing regions with low accessibility of SGEI	Declining population	High share of elderly, strong ageing	Low accessibility	123
Cluster 6: Shrinking and ageing regions with very low access to SGEI	Declining population	High share of elderly, strong ageing	Very low accessibility	11

Source: Project team, 2024.

The six clusters are numbered based on their characteristics, i.e. from most positive to least positive combined attributes. The territorial composition (i.e. the region type) of the clusters is presented below (Figure 23): generally, the more constrained and remote rural regions are found in the less-well performing clusters.

¹⁵ These indicators include: average distance (metres) to next primary school in 2022; average distance (metres) to next health care facility in 2022; average distance (metres) to next cinema in 2022; change in population (% , 2014-2022); share of elderly (65+) of total population 2022 and change in share between 2014 and 2022; share of young people (below 15) of total population 2022 and change in share between 2014 and 2022; average age in 2019.

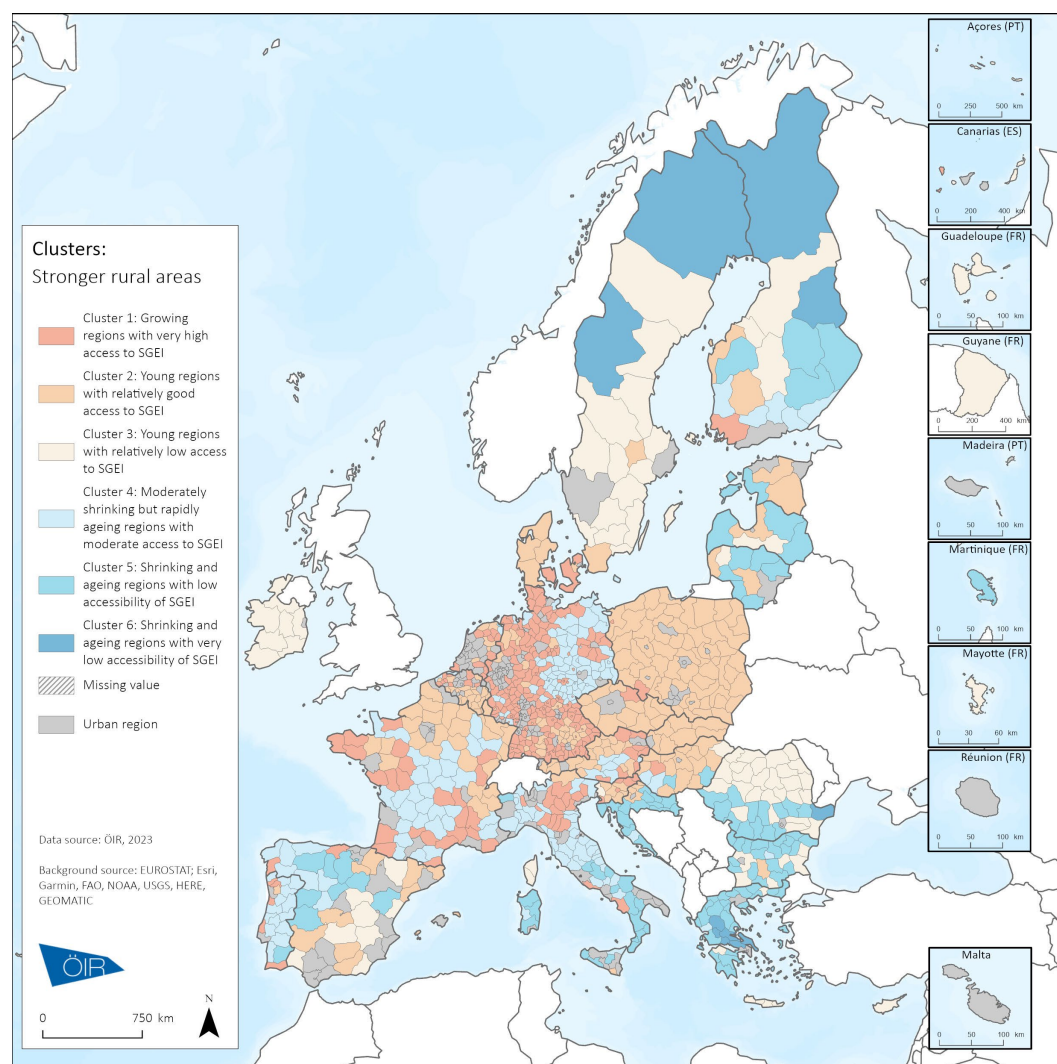
Figure 23: Territorial composition of the clusters – stronger rural areas


Source: Project team, 2024.

Map 8 illustrates the geographical spread and location of the clusters. Cluster 1 covers regions principally found in western France and Germany, northern Italy, Austria, The Netherlands, and Denmark, generally characterised by a dynamic growing and young population, with very good access to SGEI. Over 70% of the regions are intermediate, and about 20% are rural. Cluster 2 includes regions in northern France, Belgium, Denmark, Poland, Slovakia, Hungary, Czechia, and feature a growing population with high share of young people and high accessibility to SGEI. Almost 60% of these regions are intermediate. The regions in cluster 3 are mostly in Ireland, central Spain, Sweden, Finland and Romania. They are characterised by a relatively young population, however declining population and moderate to low access to SGEI. Half of these regions are intermediate and over 40% are remote and constrained rural regions.

The regions of cluster 4 are in Portugal, eastern Spain, central France and Italy as well as Eastern Germany, and face moderate population decline, an ageing trend and low share of young people, with moderate to low accessibility to SGEI. About 40% are intermediate, and 40% are remote and constrained rural regions. Cluster 5 includes regions from northern Spain, southern Italy, the Baltic states, Romania, Bulgaria and Greece. They are characterised by a declining population, increasing share of elderly and limited access to SGEI. Almost half of these regions are intermediate regions, and over 40% are remote and constrained rural regions. The last cluster includes northern regions of Sweden, Finland and regions in Greece, characterised by an exodus from the region, ageing and high share of elderly as well as limited access to SGEI. Over 90% are remote and constrained rural regions.

This stronger rural areas clustering exercise reveals the diversity of rural regions and types of rural regions within and across countries. It also shows that while large shares of intermediate regions are found in the first (stronger) clusters, this type of regions are also found in clusters including regions that are relatively more lagging. Moreover, remote and constrained rural regions present a relatively large range of characteristics, i.e., belonging to several clusters (clusters 3 to 6).

Map 8: Cluster analysis stronger rural and intermediate regions


Source: Project team, 2024.

6.2 Connected rural areas

6.2.1 Needs in rural areas

This block of actions is centred around investments in sustainable transport and digital infrastructures, technologies development and skills enhancement activities. Table 6 presents the most relevant indicators linked to this block of action and provides a benchmark.

Table 6: Characteristics of rural regions – connected rural areas

Indicator	All regions (average)	Rural regions (average)	Remote and constrained rural regions (average)
Average speed of fixed internet connection (mbit/s), 2022	97.7	78.9	70.6
Average speed of mobile internet connection (mbit/s), 2022	63.2	52.8	53.4
Average distance to closest train station (km), 2022	13.1	18.9	26.2
Number of cars registered per 1000 inhabitants, 2020	566	559	528

Source: Project team, 2024.

The average speed of fixed internet is strikingly lower in remote and constrained regions compared to the average of all regions (Table 6). This is also directly linked to the cost of fibre rollout in these regions. Map 9 shows rural and intermediate regions' average speed of Internet connection (in 2022). Countries with slowest speeds include Italy, Austria, Czechia, Slovakia, the Baltic countries, Bulgaria and Greece.

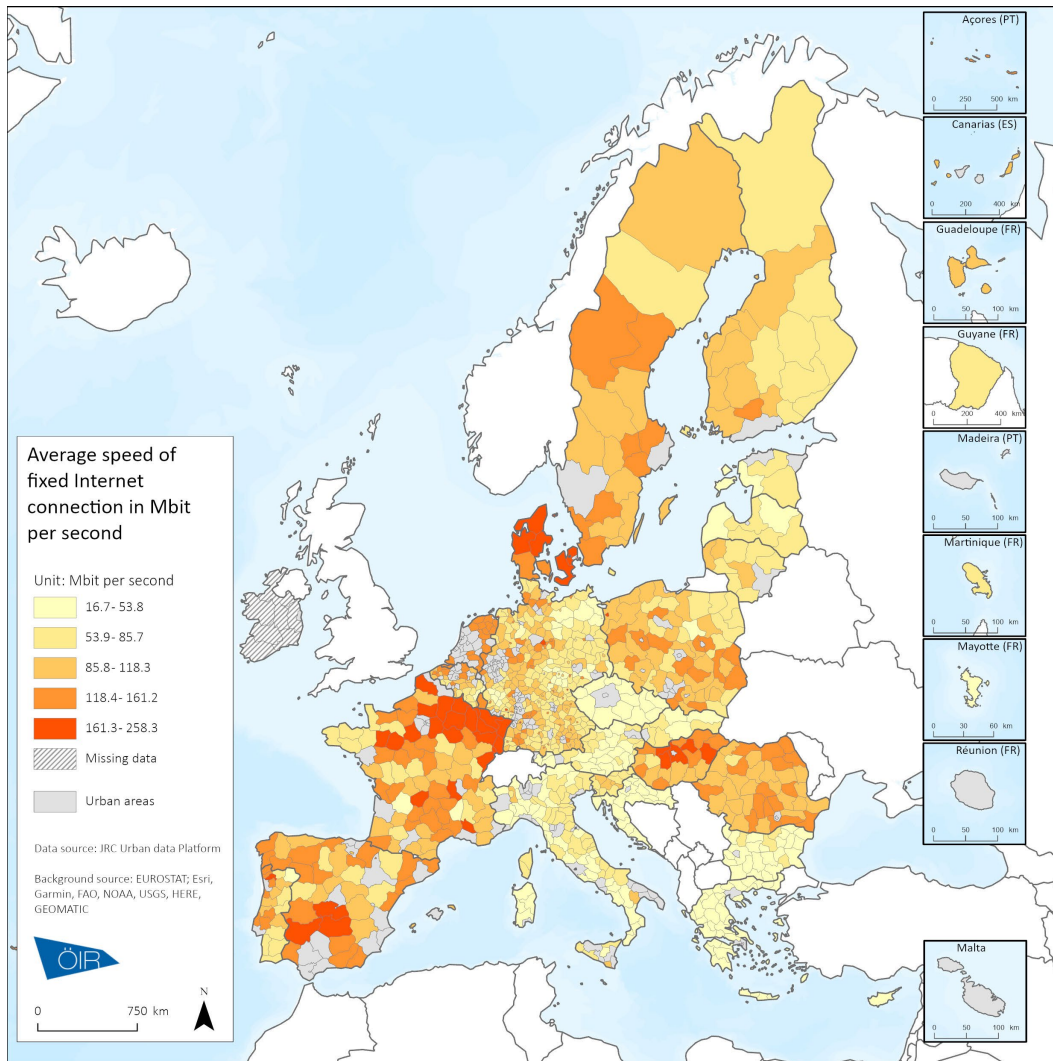
In terms of transport, the average distance to the closest train station is slightly higher in rural regions compared to all regions. Besides topographic challenges (e.g. mountainous areas), the closure of small rural town train connections (due to low financial viability) disproportionately affects remote and constrained rural regions, the average distance to a train station is almost 27 km in remote and constrained rural regions.

Accessibility and connectivity are, and will become even more, important in determining the development and outlook of rural regions. In this digital era, next generation broadband can help bridge the urban-rural divide and challenges faced by rural areas (European Commission, 2020). However, "paradoxically, the exponential role of digital connectivity, services and skills over the past couple of decades has exacerbated rural-urban disparities, where it should have healed them" (European Commission, 2021a). As population declines in these areas, so do investments in public services and infrastructure. As a result, a digital divide hinders access to the digital economy and limits opportunities for growth and empowerment in rural areas, thereby reinforcing the challenges they face (de Clercq, D'Haese and Buysse, 2023).

Unlocking the potential of rural and remote regions requires widespread adoption of green and digital innovations. For instance, the digitalisation of services helps reduce the need to travel and improves access to adapted mobility (e.g. on-demand and shared transport services), thereby complementing conventional public transport services and reducing the environmental footprint of transport (Bisaschi *et al.*, 2021). Moreover, digital platforms may help bring together farmers and consumers, enabling better prices for the farmers (ENRD, 2018, 2022). Again, the peculiarities and needs linked to the wide range of rural and remote areas involve different approaches to digitalisation as well as opportunities and challenges.

Digitalisation has influenced various sectors particularly relevant to rural areas. The so-called "fourth revolution" of the agricultural sector has transformed the traditional role of agricultural machinery to include interactive technologies (e.g. in field and remote sensors, satellite imagery, drones as well as big data and analytics) supporting farmers in making tailored production decisions (Brunori, Rolandi and Arcuri, 2022). Such technological advances have significant potential, especially in light of the challenges linked to climate change, e.g. droughts and water scarcity, and in line with the need to reduce agricultural inputs (e.g. fossil fuels, fertilizers and pesticides) (BMEL, 2020). Nonetheless, while digitalisation to support a sustainable agri-food system is promoted, agricultural actors still need to address uncertainties and unknowns arising from the potentially deep changes that agri-food sector digitalisation brings (Ehlers *et al.*, 2022).

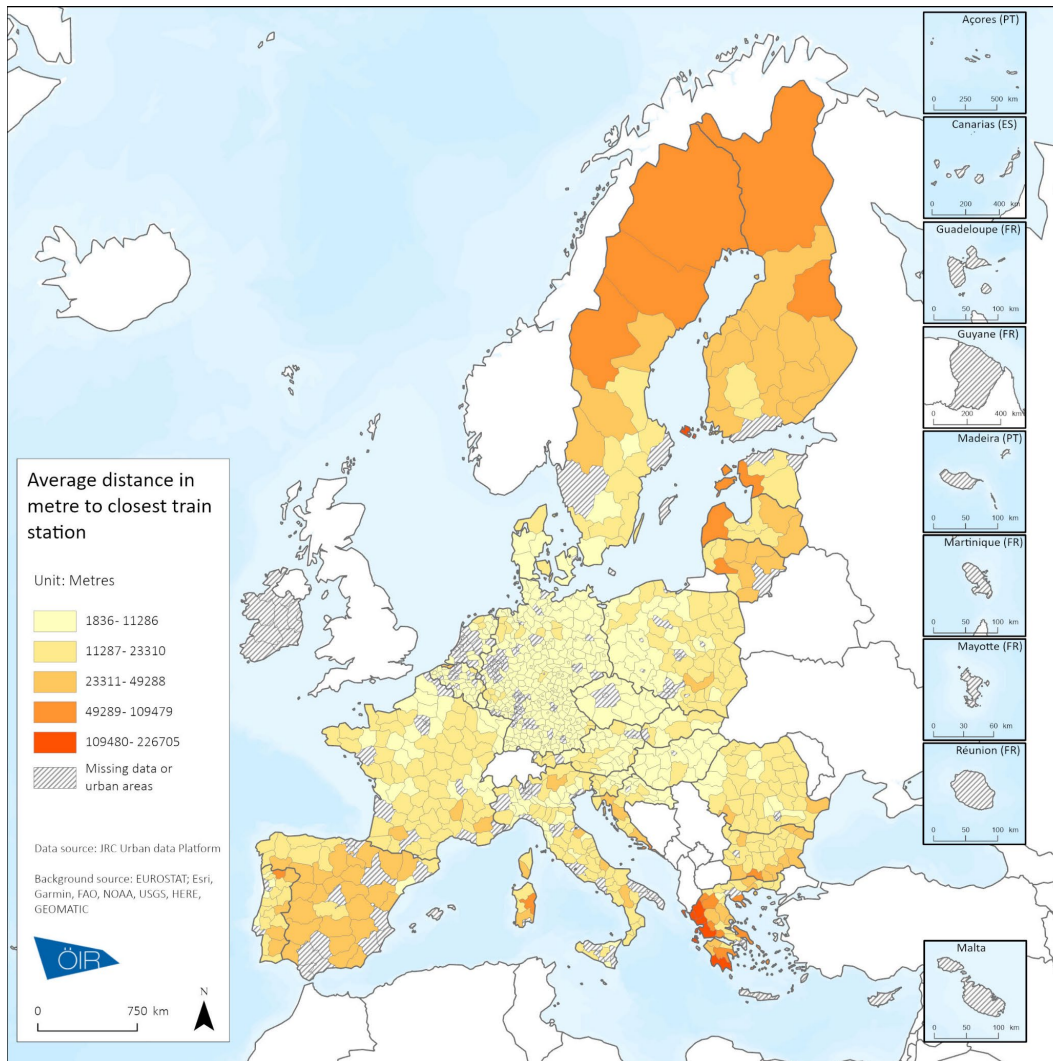
Map 9: Average speed of internet connection in Mbit per second in 2022 (rural and intermediate regions)



Source: Project team, 2024, based on JRC Urban Data Platform.

While digitalisation may provide solutions to some of the challenges previously discussed, pre-conditions such as digital literacy, up- and re-skilling programmes, data protection and inclusion, must also be ensured (ENRD, 2022). Awareness raising actions are also needed. Investment in digital skills, development of rural digital hubs, co-working spaces and living labs can help bring communities together and speed up the uptake of digital technologies (ENRD, 2018).

The connectedness of rural regions is also heavily dependent on the availability and maintenance of transport and communication infrastructure, particularly in remote rural regions. Map 10 highlights rural and intermediary regions' accessibility to the closest train station. Regions of Greece and Scandinavian countries are particularly poorly served.

Map 10: Accessibility of train stations in 2022 (rural and intermediate regions)

Source: Project team, 2024, based on JRC Urban Data Platform.

Transport infrastructure and public transport services represent a lifeline for many rural communities, especially for young people, the elderly and those who are economically marginalised. Reliable connections are necessary for the revitalisation of remote villages, attracting new businesses, inhabitants and tourists. However, declining rural population also presents significant challenges to sustaining convenient public transport.

6.2.2 Territorial profiles

Cluster analysis incorporated a series of indicators at NUTS3 linked to the individual elements of the action field connected rural areas¹⁶.

This produced a regional typology (Map 11). Four clusters can be characterised as follows:

- Cluster 1: Highly accessible and digital regions;
- Cluster 2: Moderately accessible and digital regions;
- Cluster 3: Lowly accessible and highly digital regions;
- Cluster 4: Lowly accessible regions with digital deficits.

¹⁶ These indicators include: daily accessibility as estimated by JRC LUISA; speed of fixed internet in Mbit/s in 2022; change in registered cars per 1000 inhabitants between 2014 and 2020; cars per 1000 inhabitants in 2020. Note: Daily accessibility is a synthetic indicator which was estimated by JRC based on the amount of people living within four hours of driving from a given location in the region.

A more detailed description of the clusters can be found below.

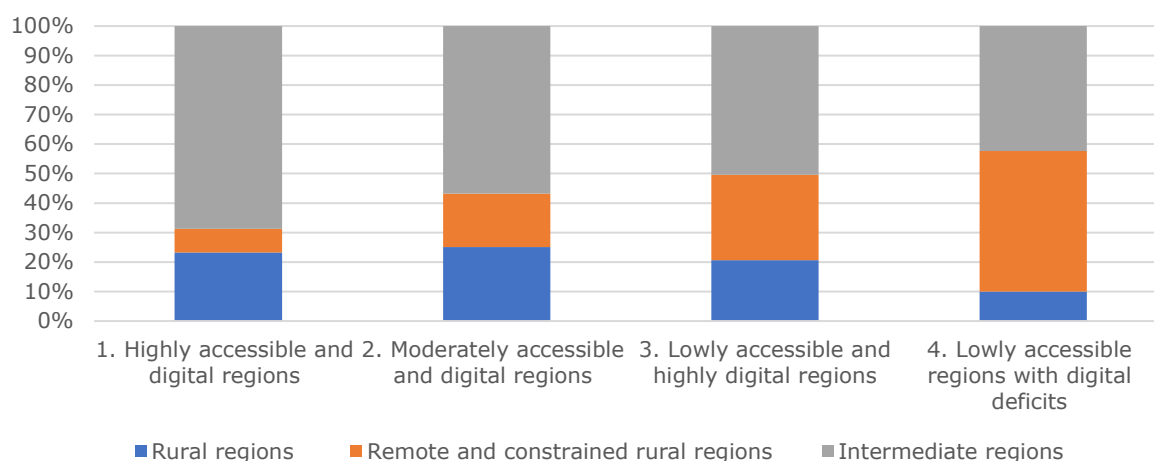
Table 7: Overview of regional characterisation – connected rural areas

Cluster name	Digital connectivity	Accessibility	Car reliance	Number of regions
Cluster 1: Highly accessible and digital regions	High speed	High accessibility	Medium car ownership and low growth	249
Cluster 2: Moderately accessible and digital regions	Medium speed	Medium accessibility	High car ownership and medium growth	259
Cluster 3: Lowly accessible and highly digital regions	High speed	Low accessibility	Medium car ownership and high growth	228
Cluster 4: Lowly accessible regions with digital deficits	Very speed low	Low accessibility	Low car ownership and medium growth	189

Source: Project team, 2024.

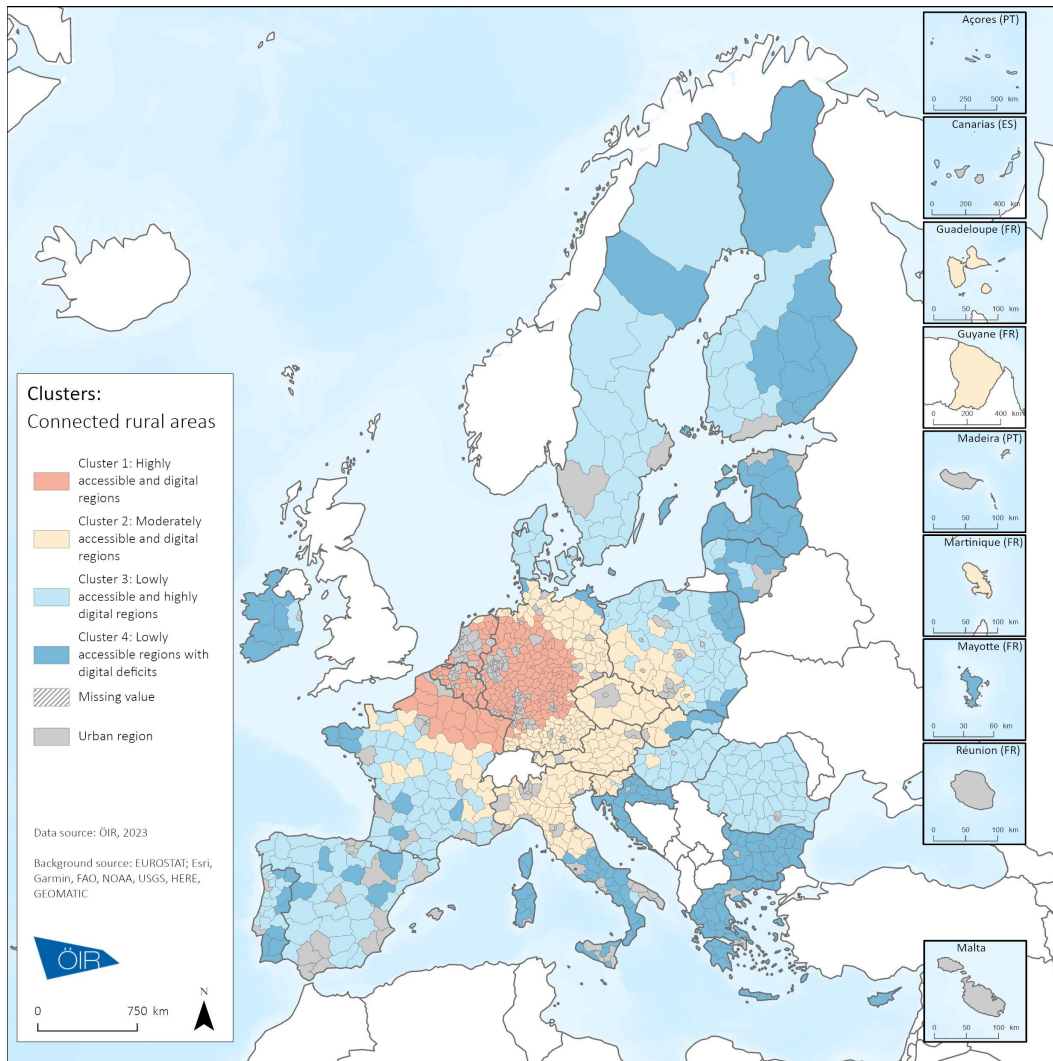
In addition, the territorial composition of the individual clusters is presented below (Figure 24).

Figure 24: Territorial composition of the clusters – connected rural areas



Source: Project team, 2024.

Map 11 illustrates the geographical spread and location of the clusters. The regions in cluster 1 are relatively well connected, physically and digitally. They group in the northern part of France, Benelux and western Germany and include predominantly intermediate regions (almost 70%) and over 20% of rural regions. Cluster 2 includes regions mostly in the periphery of the first cluster’s regions, i.e. eastern France, northern Italy, southern and Eastern Germany, Austria, Slovenia and Czechia as well as parts of Poland and Slovakia. These regions are average in terms of digital connectivity and accessibility; car ownership is also quite high. Almost 60% are intermediate regions, and the rest are nearly equally composed of remote and constrained regions and rural regions.

Map 11: Cluster analysis connected rural and intermediate regions

Source: Project team, 2024.

The third cluster covers large parts of Spain, Portugal, France, Denmark, Sweden, Finland, Poland, Hungary and Romania. While facing remoteness issues, accessibility is ensured by individual transport and supported by good digitalisation. Half of these regions are intermediate, about 30% remote and constrained rural regions and 20% rural regions. Cluster 4 features regions from quite a few countries in the EU, e.g. Ireland, the Baltic states, Finland, Italy (south), Croatia, Bulgaria and Greece. The regions are particularly marked by general isolation in terms of connectivity, transport options and mobility. Almost half of these regions are remote and constrained rural regions, nearly 40%, intermediate and 10% rural regions.

6.3 Resilient rural areas

6.3.1 Needs in rural areas

This block of actions focuses on climate and environmental resilience (greening agriculture, promoting sustainable energy, carbon storage, enhancing soil health etc.) and social resilience (improving prospects for women and vulnerable groups). However, as combining environmental and social aspects led to duplication with results presented especially in section 6.1, only environmental and climate aspects are covered in the needs assessment here. Table 8 presents the most relevant indicators linked to this block of action and provides a benchmark between regions.

Table 8: Characteristics of rural regions– resilient rural areas

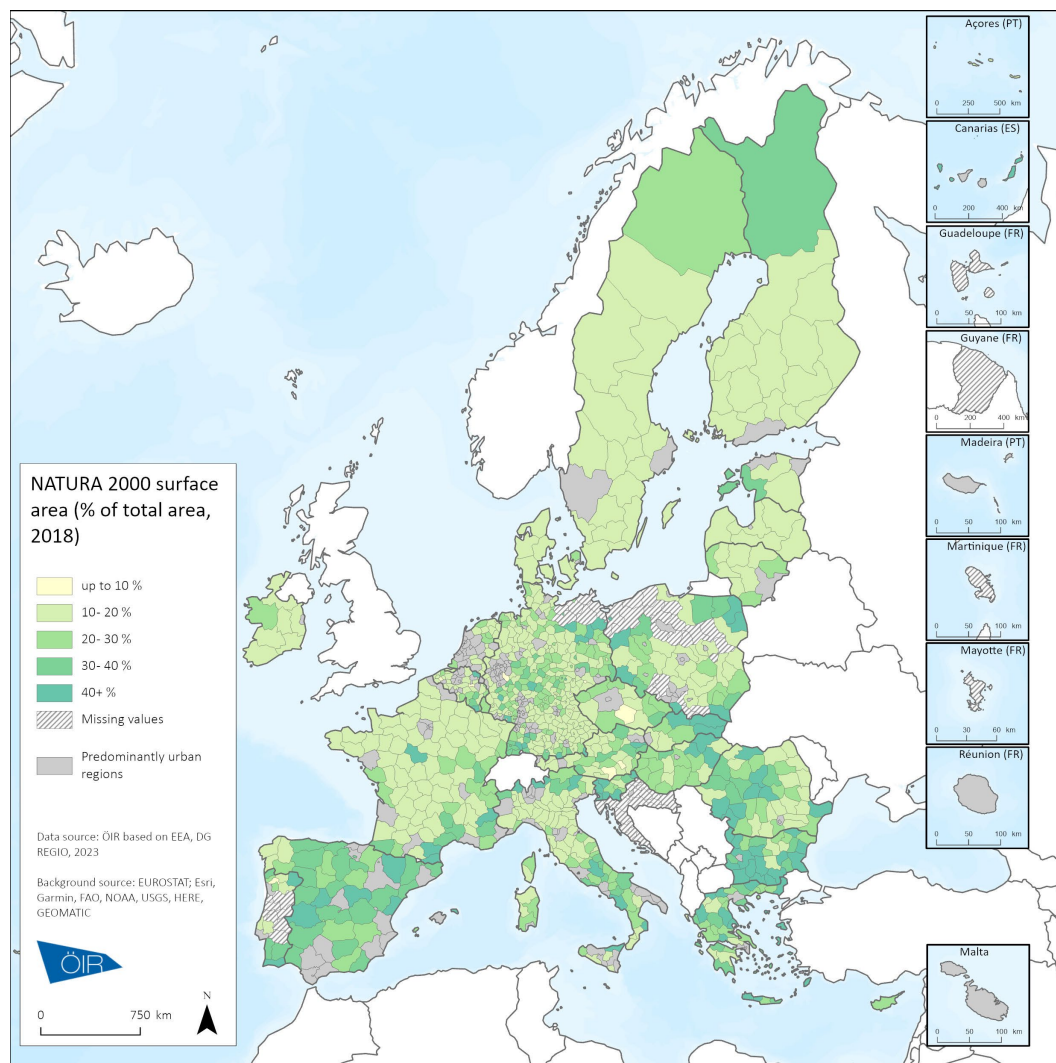
Indicator	All regions (average)	Rural regions (average)	Remote and constrained rural regions (average)
Artificial surface areas per capita in hectare, 2018	0.05	0.07	0.07
Change in surface sealing between 2012 and 2018	4%	6%	7%
NATURA 2000 surface coverage, 2018	19%	20%	23%
Carbon intensity of GVA (tonnes of CO ₂ per MEUR GVA), 2020	5.1	5.7	7.1
Soil erosion in tonnes per hectare, 2016	2.6	2.8	3.7

Source: Project team, 2024.

Rural populations are challenged by the effects of **climate change** as droughts, floods and other severe climatic events hamper living conditions and affect fragile ecosystems, while the role of rural areas in mitigating climate change can at the same time provide development opportunities. Achieving net zero gas emissions by 2050 requires interventions planned and implemented in rural territories, e.g. woodland expansion, peatland and landscape restoration, management of grassland and forest, biodiversity protection and preservation, transition to more sustainable farming practices and systems, and renewable energies (Miller *et al.*, 2022). Rural areas therefore play a key role in providing services that protect ecosystems and solutions for climate neutrality (e.g. via the transition towards a bio- and circular economy).

Natura 2000 areas are key for protection and preservation of biodiversity and create economic development opportunities for rural communities (e.g. eco-tourism). Map 12 illustrates the distribution of Natura 2000 surfaces (in 2018). Rural and intermediate regions including the largest total Natura 2000 areas are located in Spain, Bulgaria, Greece, Romania and Slovakia. As indicated in Table 8, the percentage of Natura 2000 surface area coverage is also higher (23%) in remote and constrained rural regions than in other rural regions (20%).

One flagship of the EU rural action plan relating to resilient rural areas is addressing climate change through carbon farming. Carbon farming practices include afforestation and reforestation that respect ecological principles, agroforestry, soil protection practices, grassland management, and restoration of peatland and wetland (COWI, Ecologic Institute and IEEP, 2020). Ecosystems such as those found in peatlands play an important role in the face of climate change as their land cover contains twice as much carbon as all of the world's forests (Biodiversity, 2021). Sustainable peatland management and restoration needs to be mainstreamed in policy making together with economic support for ecosystem services to farmers and landowners (Wichmann, 2018; Peters *et al.*, 2020). Carbon farming is only one of the greener and more sustainable types of farming fostered by the LTVRA, more specifically in the attached EU rural action plan. Supporting the development of organic production is also key.

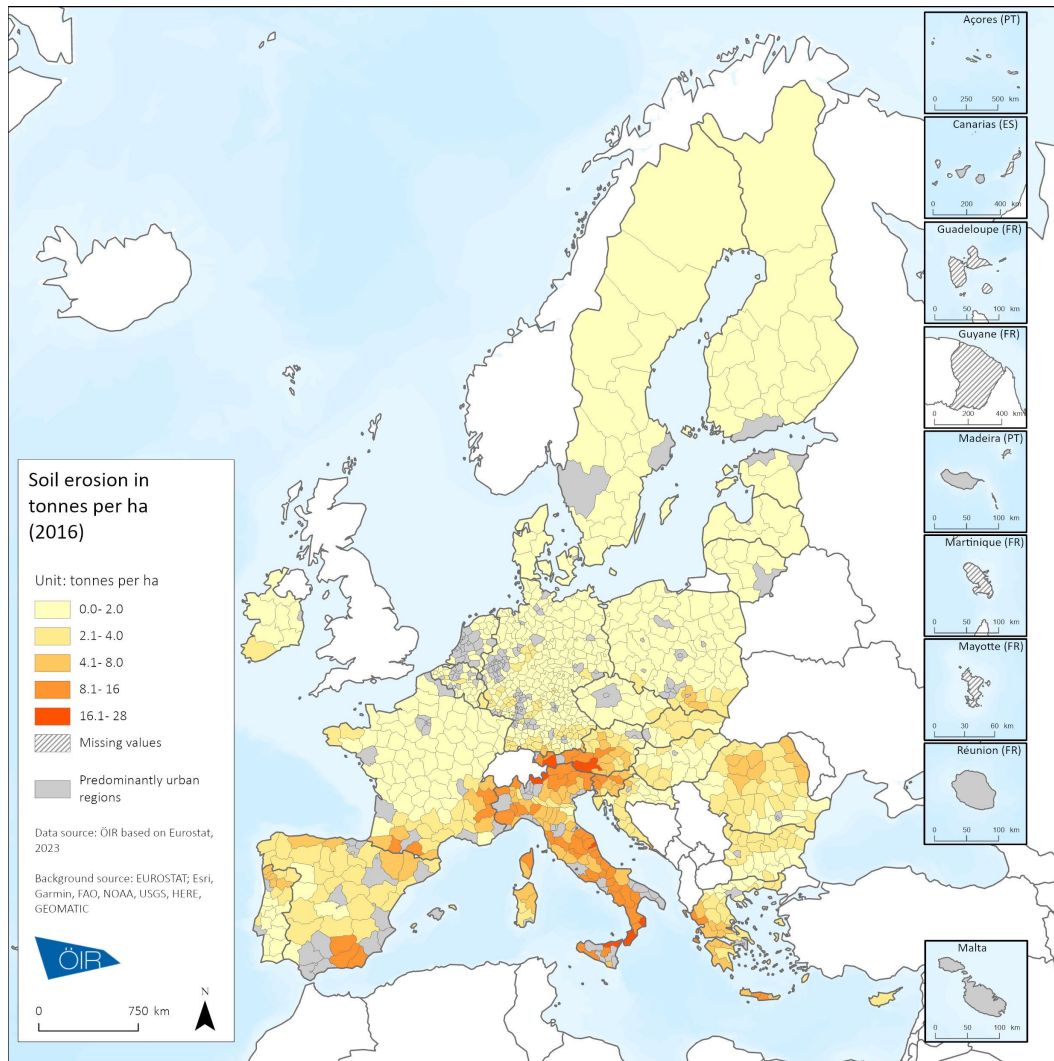
Map 12: NATURA 2000 surface area coverage in rural and intermediate areas (2018)

Source: Project team, 2024, based on EEA and DG REGIO.

In line with the promotion of greener farming activities, another main focus of this block of action is to support **soil health**. Decades of intensive farming and forestry (amongst other causes), including use of heavy machinery as well as agrochemicals have led to high environmental costs including, e.g. loss of biodiversity and related ecosystems, and soil degradation (Karousakis, Grúere and Guerrero, 2020). The soil ecosystem, which regulates water and carbon cycles, contributes to produce food and hosts 25% of the planet's biodiversity. Soil health protection, conservation and restoration is essential, especially as the benefits of taking action against soil degradation exceed the costs of inaction (European Environmental Bureau, 2023).

Map 13 illustrates the state of soil erosion in intermediate and rural areas (in 2016), Austria and Italy are particularly affected. Remote and constrained rural regions are also more concerned by the phenomenon than other rural regions.

Map 13: Soil erosion in tonnes per hectare (2016)



Source: Project team, 2024, based on Eurostat.

The EU recognised the need for action in the 2011 road map for resource-efficient Europe, part of the Europe 2020 strategy, and more recently in its soil strategy for 2030. The health of soils is defined in the strategy as its ability to deliver the ecosystem services (COM(2021) 699 final, 2021). The health of European soils is therefore intrinsically linked with the promotion and uptake of more sustainable farming practices. Depollution and decontamination of soils directly positively benefits the health of citizens and particularly vulnerable groups disproportionately affected by pollution. Ultimately, improving soil fertility while maintaining agricultural productivity are determinants of the livelihood and future of farmers (Di Falco and Zoupanidou, 2017).

Besides soil health, under the resilience block the LTVRA addresses land use planning and zoning. Sustaining ecosystems, preventing soil degradation and fragmentation require strategies for more adaptive land management. This is relevant as land is a limited resource and the manifold societal, environmental and economic needs may conflict. Spatial planning can play a key role to foster more balanced and sustainable use of land. Challenges remain, encompassing: high rates of agricultural land conversion (e.g. due to poor generational renewal and urban sprawl), land use competition (food production vs. bioenergy production), increasing pressures for housing and economic development on rural land leading to soil sealing and increasing rural land prices (EEA, 2017).

Fostering the resilience of rural regions requires the combination and co-existence of different sustainable activities. Shortening the supply chains, supporting local markets and community-supported agriculture are also considered as means to ensure fairer price,

especially for small farms, and provide access to fresh and seasonal produce for consumers, thereby reducing environmental impact and fostering greater social cohesion at local level.

Empowering and enhancing the role of women in rural life and agriculture also contributes to innovating and transforming the social and economic fabric of rural communities, thereby improving their resilience. To do so, gender-based violence and gender stereotypes must be addressed. Based on the SIMRA (social innovation and marginalised rural areas) horizon project, women-led social innovation initiatives encompass a wide range, e.g. social agriculture, international marketing of local traditional products, intergenerational exchange of traditional craft skills and business acceleration services. The main motivation and drivers for women to become catalysts for change in their communities are linked to disadvantage in their starting conditions, e.g. lack of economic capital, political visibility and support for their activities. The results of initiatives are found to improve the well-being and resilience of the whole community by leveraging bottom-up cooperation with actors to acquire resources, valorising local traditions and products, promoting rural lifestyles and ecological values and fostering gender equality, notably in terms of income (Grieve *et al.*, 2020).

Women count amongst one of the vulnerable groups of which roles in the vitality and resilience of rural areas is still undervalued and understated. Yet, discrimination and disparities also affect other population groups. Groups such as migrants, persons with disabilities, minorities and LGBTQ+ people living in rural areas are often more at risk of social exclusion (Schuh *et al.*, 2021). Migrants working in agriculture, for instance, are particularly vulnerable due to the seasonality of employment and often difficult working conditions. Migration can however also be seen as a solution addressing existing rural areas' demographic challenges and ensuring the viability of basic services as well as greater diversity and opportunities. Some rural medium and small cities have undertaken different types of integration e.g. focussing on soft measures such as promotion of language acquisition, cultural competence and employability skills (Gauci, 2020). People with disabilities living in rural areas are particularly vulnerable and face more challenges than those living in urban areas. For example, they are more likely to face barriers in accessing basic services, information, education and healthcare as well as suffering low support and isolation. Minorities, such as Roma populations, also face particularly low activity and employment rates, low quality of work and wages, educational gaps, poor housing, difficult access to health and education (Bertolini, 2019). Elderly people are also considered as one of the vulnerable groups. The general limited mobility of this population often leads to loneliness and isolation, sometimes social exclusion. The challenges affecting rural areas are aggravating the situation of elderly people, i.e. the rising need for medical care and sufficient and accessible, health and care services, in some rural areas, may be unmet due to the limited attractiveness of such territories for new generations of health workers.

The resilience of rural areas also relates to energy transition for rural communities, and especially vulnerable groups who are often facing energy poverty. To do so, "the role of local communities has to be leveraged to achieve a just energy transition combined with community development, through the establishment and scaling up of renewable energy communities and citizen energy communities comprising the voluntary coming together of citizens, local authorities and SMEs to promote social and economic benefits" (Comer and Mira, 2022). Along those lines, concrete measures include investments to improve the energy performance of buildings, energy efficiency and saving measures.

The resilience of rural areas ultimately lies on ensuring equal access for all to basic services, good housing conditions, to educational services including re- and upskilling as well as equal opportunities to obtain quality jobs (with safe working conditions). Ensuring an equal representation in decision-making, especially of vulnerable populations, at various governance levels, is also essential to strengthen the social resilience of rural areas.

6.3.2 Territorial profiles

The cluster analysis for resilient rural and intermediate areas incorporated a series of indicators at NUTS3 level linked to the individual elements of the action field resilient rural areas¹⁷.

The cluster analysis produced a regional typology in reference to the above-specified indicators. The results of this analysis are presented in Map 14. The four clusters can be characterised as follows:

- Cluster 1: Regions with low surface sealing per capita and low carbon intensity;
- Cluster 2: Regions with high NATURA 2000 coverage and high carbon intensity;
- Cluster 3: Regions with moderate NATURA 2000 coverage and high soil erosion;
- Cluster 4: Carbon intensive regions with high surface sealing per capita.

A more detailed description of the clusters can be found below. In addition, the territorial composition (i.e. the region type: rural regions without constraints, remote and constrained rural regions, intermediate regions) of the individual clusters is presented below (Figure 25).

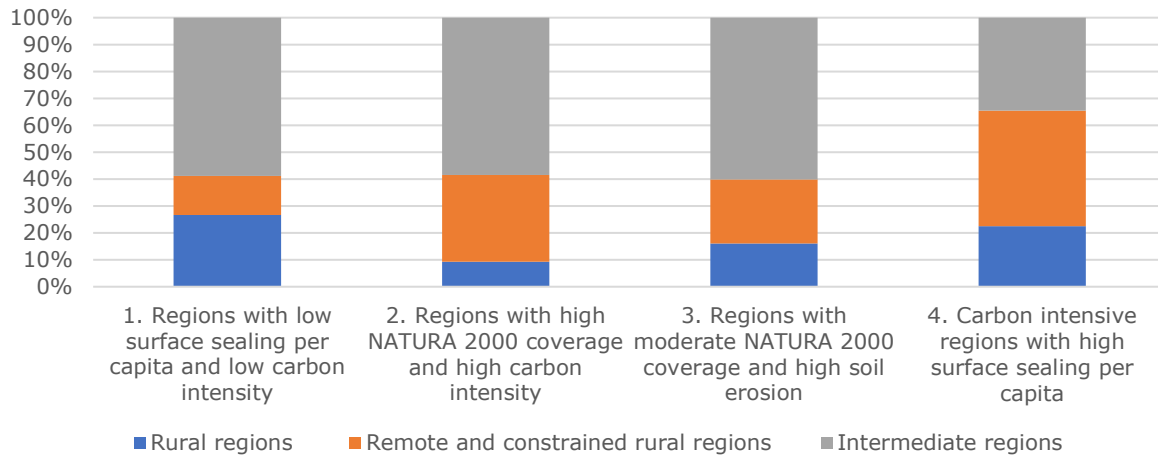
Table 9: Overview of regional characterisation – resilient rural areas

Cluster name	Carbon intensity and energy requirements	Environmental performance	Surface sealing	Number of regions
Cluster 1: Regions with low surface sealing per capita and low carbon intensity	Low emissions per MEUR of GVA	Moderate NATURA 2000 surface coverage, low soil erosion	Low and stable sealing per capita	373
Cluster 2: Regions with high NATURA 2000 coverage and high carbon intensity	High emissions per MEUR of GVA, low heating/cooling requirements	Highest NATURA 2000 surface and soil erosion	Low and growing sealing per capita	118
Cluster 3: Regions with moderate NATURA 2000 coverage and high soil erosion	Low emissions per MEUR of GVA	High/moderate NATURA 2000 surface and soil erosion	Low and stable sealing per capita	294
Cluster 4: Carbon intensive regions with high surface sealing per capita	High emissions per MEUR of GVA, high heating/cooling requirements	Low NATURA 2000 surface coverage, low soil erosion	High and growing sealing per capita	142

Source: Project team, 2024.

¹⁷ The indicators include: carbon intensity in tonnes of CO2 per million EUR of GVA in 2020; share of surface covered by NATURA 2000 areas; number of hectares of artificial surfaces per capita and change in number of hectares of artificial surfaces per capita between 2012 and 2018; soil erosion in tonnes per hectare in 2016; degree days requiring either heating or cooling in 2022, as derived from heating and cooling degree days. Note: these indicators focus on environment and climate resilience to enable a meaningful clustering (some of the social aspects are reflected in the overall, stronger or prosperous clustering analyses).

Figure 25: Overview of regional characterisation – resilient rural areas



Source: Project team, 2024.

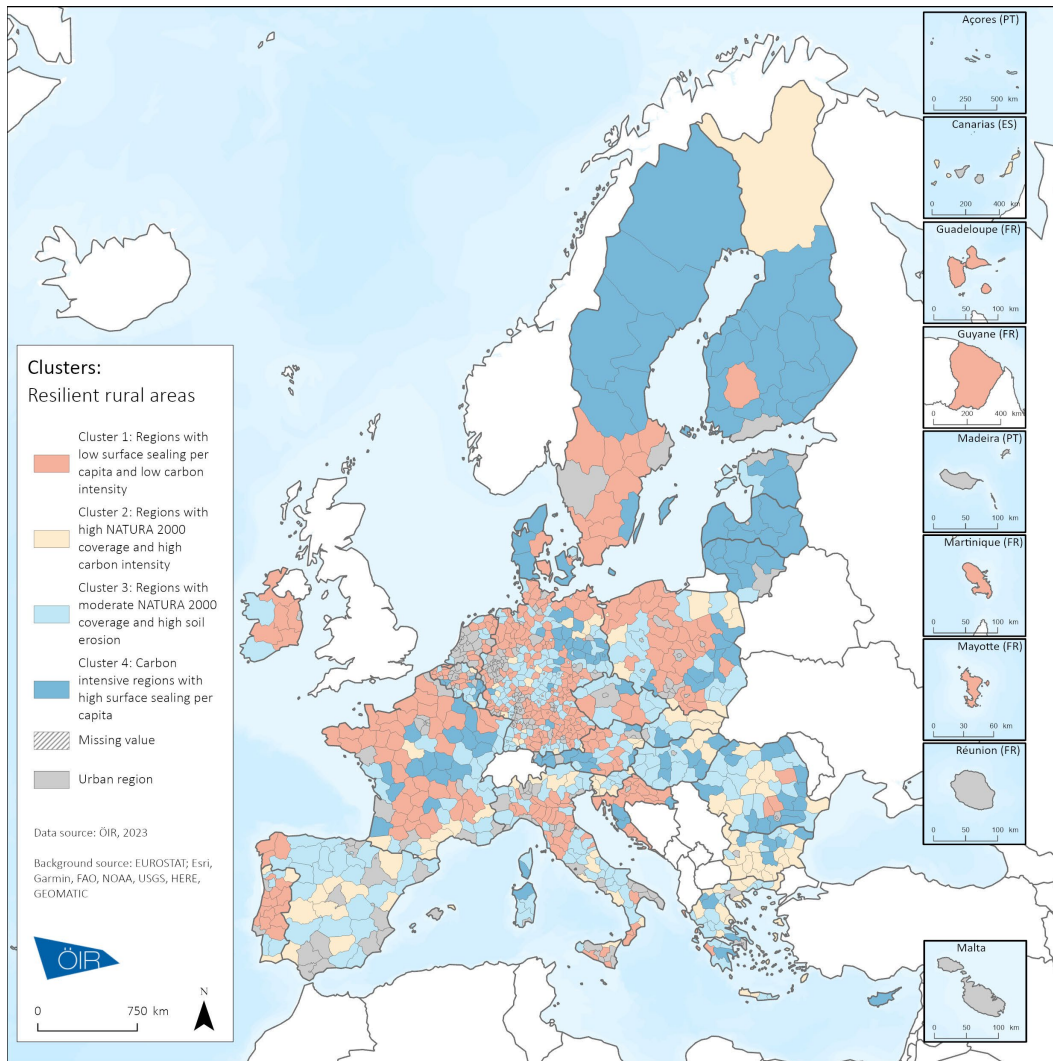
Map 14 illustrates the geographical spread and location of the different clusters. Clustering rural and intermediate regions in terms of their resilience provides a relatively patchy outcome. The first cluster is comprised of regions in Ireland, Portugal, Italy, France, Belgium, The Netherlands, Sweden, Germany, Poland, Czechia, Austria, and Croatia. These regions are marked by low carbon emissions¹⁸, low soil erosion, and low soil sealing. Almost 60% of these regions are intermediate, and 25% are rural regions.

The regions belonging to cluster two are scattered across various countries including: Spain, Poland, Slovakia, Italy, Slovenia, Hungary, Romania, Bulgaria and Greece. Their characteristics include high carbon emissions, very high Natura 2000 surface coverage as well as issues with soil erosion and increasing surface sealing. Most are intermediate regions (almost 60%) and over 30% are remote and constrained rural regions.

The third cluster is comprised of regions in Spain, Italy, Germany, France, Czechia, Austria, Slovakia, Hungary, Poland, Romania and Greece. These regions have low emissions, moderate to high Natura 2000 surface coverage, low and constant surface sealing. Like cluster 2, most are intermediate regions (60%), with a slightly lower share of remote and constrained rural regions (22%).

The fourth cluster includes regions in France, eastern Germany, Denmark, Sweden, Finland, the Baltic countries, Poland, Austria, Romania, characterised by high emissions tied to economic production, low Natura 2000 surface coverage, low soil erosion, high and increasing soil sealing per capita. About 45% are remote and constrained rural regions and over 20% are rural regions.

¹⁸ In tonnes of CO₂ per million EUR of gross value added (GVA).

Map 14: Cluster analysis resilient rural and intermediate regions

Source: Project team, 2024.

6.4 Prosperous rural areas

6.4.1 Needs in rural areas

The fourth pillar of the LTVRA is dedicated to supporting economic diversification, entrepreneurship and the social economy, addressing young people's training and employment needs, promoting bioeconomy and supporting producer organisations and producer groups. Table 10 presents the relevant indicators linked to this block of action and provides a benchmark.

In economic performance, some rural areas lag behind national average economic growth rates. In recent years, the share of these territories in EU GDP has remained stable, predominantly rural areas contributing to 15.3% of the EU's GDP in 2019 (Eurostat, 2022; Núñez Ferrer *et al.*, 2023). GDP per capita in rural regions is 15% lower than the average of all regions in 2021, while for remote and constrained rural regions their average GDP is 37% lower (Table 10). Nonetheless, over the period 2014-2021, the GDP per capita has increased more significantly in remote and constrained rural regions than in rural regions and all regions, closing the gap a little. This may indicate progress in terms of regional convergence. The reliance on the primary sector is also unsurprisingly higher in remote and constrained rural regions as well as rural regions, compared to all EU regions.

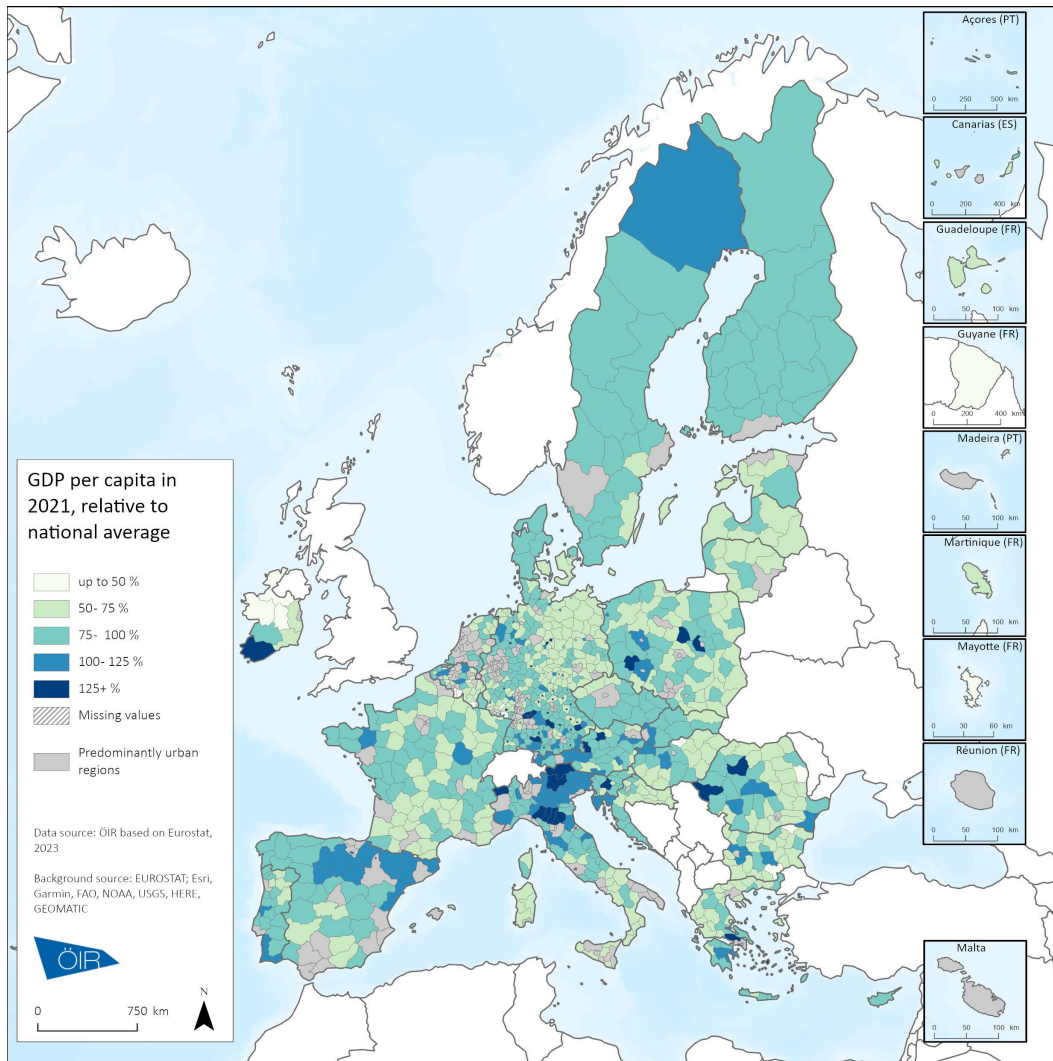
Table 10: Characteristics of rural regions– prosperous rural areas

Indicator	All regions	Rural regions	Remote and constrained rural regions
GDP per capita (PPS, 2021)	EUR 29 900	EUR 25 600	EUR 23 900
GDP per capita, relative to national average in 2021	-	78%	76%
Real GDP growth per capita (PPS, 2014-2021)	14%	17%	19%
Employment in agriculture, forestry and fisheries (2019)	6%	10%	16%
Employment rate (2022)	71%	70%	68%
Relative employment rate women and men (2019)	85%	84%	83%
Number of patent applications per million inhabitants (2012)	109	67	45
Trademark applications per 1000 inhabitants in 2016	13	9	7

Source: Project team, 2024.

Rural unemployment rates, especially for young people and women are also relatively higher than the EU average, employment opportunities being more limited, with a prevalence of seasonal jobs. For instance, over the last decade, the share of women's employment (age class: 15-64 years) in predominantly rural regions has remained approx. 45% (Kovačiček, 2019). Among other factors, lack of diverse and skilled employment opportunities contributes to this situation. The sustainability and therefore vitality of rural areas requires diversification of rural economies into non-agricultural activities, e.g. sustainable tourism, and broader farming activities, e.g. specialist and alternative production, also tapping into the potential of the bioeconomy (Chartier *et al.*, 2021).

Farm diversification may help address the difficult context of falling prices in key agricultural commodities and high agricultural market volatility. Setting up other activities using farm facilities may help farmers stabilise and increase their income, and thereby ensure the maintenance of farming activity. Maintaining agricultural jobs can be important to ensure the multiple functions of farms e.g. besides food provision, agriculture contributes to the management of natural resources, biodiversity preservation, shaping landscapes, supplying renewable energies, also other public goods and services (Augère-Granier, 2016). Map 16 illustrates the importance of employment in the primary sector (in 2019) in rural and intermediary regions. A few countries stand out for their high share of employment in the sector: Portugal, Greece, Bulgaria, Romania and Poland.

Map 15: GDP per capita (2021) relative to national average

Source: Project team, 2024, based on Eurostat¹⁹.

While agri-tourism is one of the most common forms of farm diversification, the success and sustainability of diversification may depend on how well it is tailored to local market opportunities. Adding accommodation capacity does not diversify the economy of an area which is already well frequented by tourists. Innovative approaches to farm diversification are essential in order to avoid a too obvious focus on tourism (Euromontana, 2022).

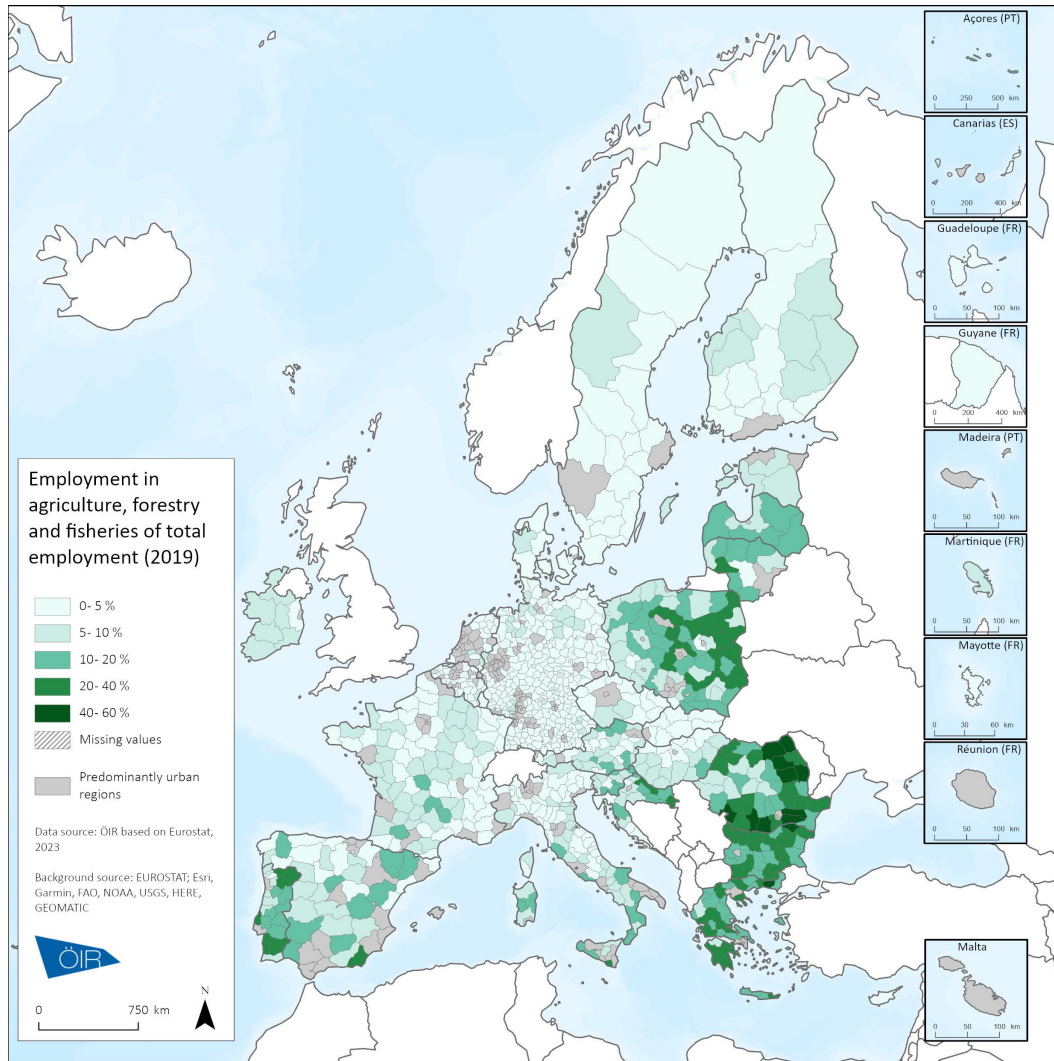
Another key component to promoting innovation and economic diversification in rural areas (also beyond farming, in a wide range of sectors) is support to entrepreneurs. Different variables influence **innovative and entrepreneurial capacity** in rural areas, e.g. the characteristics of innovation ecosystems, the conditions for local business sectors, access to formal and informal resources (for setting up and up-scaling businesses), access to physical and digital infrastructure, relations with urban counterparts (Interreg Europe, 2019). The development of an enabling environment (based on skills, education and training) is essential to foster the development of an innovation ecosystem (OECD, 2022). Strengthening the socio-economic fabric of rural areas ultimately lies in the ability to make these territories more attractive to live and work in, especially for young entrepreneurs, including young farmers.

The deployment of bioeconomy-related activities may also create and maintain jobs in rural areas through the growing participation of primary producers. Mainstreaming the

¹⁹ Note: for some Member States, 2021 values were not available at NUTS3 level, with latest values provided at NUTS2 level. The 2021 NUTS3 values for those Member States are estimated based on the growth rate 2020 to 2021 of the associated NUTS2 region.

bioeconomy includes the production of sustainable food and feed, innovative bio-based products, renewable energy and other services (European Commission *et al.*, 2020; Skakelja, 2021).

Map 16: Employment in agriculture, forestry and fisheries (2019)



Source: Project team, 2024, based on Eurostat.

Innovation and entrepreneurship are necessary to increase local production and regionally differentiated products, value chains within the territory, and to enhance and maintain local knowledge and competences (Bardají, Soriano and Folkesson, 2021). The prosperity of rural areas can be strengthened through trust-building activities, for example between producers and consumers, collective action, sharing and the development of good business practice, e.g. social businesses supporting vulnerable groups.

Fostering the development of a social economy is an integral part of actions supported under prosperous rural areas. Creating social businesses in rural areas can have multiple benefits: besides the creation of jobs, key challenges in these territories can be addressed, e.g. in relation to ageing, social integration and dependent care (Monzón and Chaves, 2019). Rural populations may suffer from limited access to care services, and social economy organisations may provide such services based on local needs, thereby playing a key role. Other fields of intervention also include the provision of food and mobility services. Social and solidarity economy (SSE) enterprises “develop goods and services that are relevant to residents, create local jobs, and contribute to the movement towards a more socially conscious, eco-friendly, and civic-minded society that increases the appeal of rural communities” (Coppin *et al.*, 2021).

6.4.2 Territorial profiles

A series of indicators were selected to fit thematically to the individual elements of the action field prosperous rural areas²⁰. The principal component cluster analysis produced a regional typology in reference to the above-specified indicators. The results of this analysis are presented in Map 17. The six clusters can be characterised as follows:

- Cluster 1: Economic high performers;
- Cluster 2: Good economic performers with tourism specialisation;
- Cluster 3: Moderate innovators with high labour market inclusion;
- Cluster 4: Moderate agricultural regions with high labour market inclusion;
- Cluster 5: Lagging, agricultural regions with high growth;
- Cluster 6: Lagging regions with moderate growth.

Table 11 provides an overview of each cluster's characteristics. The territorial composition (i.e. the region type) of the individual clusters is presented below (Figure 26). Map 17 illustrates the geographical spread and location of the clusters.

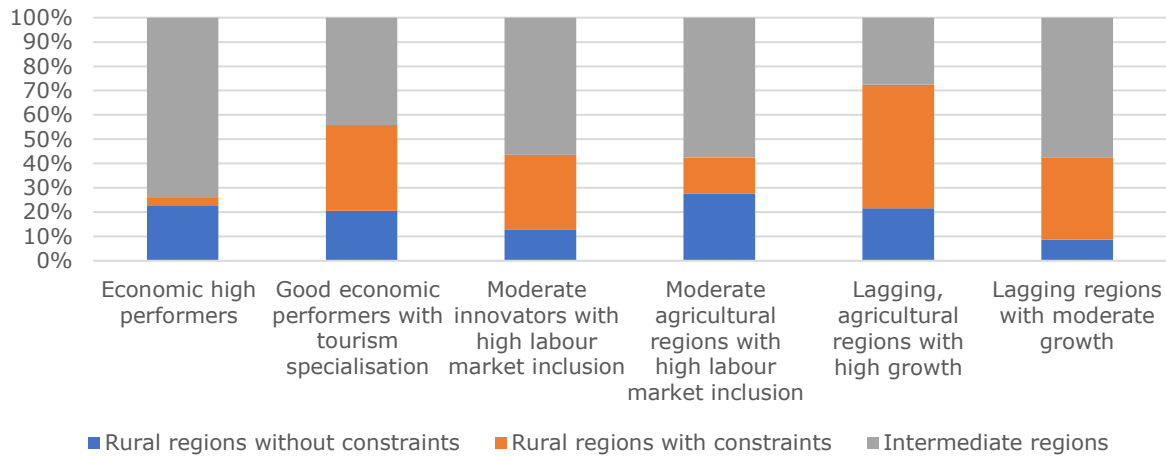
Table 11: Overview of regional characterisation – prosperous rural areas

Cluster name	Economic performance	Innovation	Labour market	Agricultural sector	Number of regions
Cluster 1: Economic high performers	Higher GDP in relation to national average	High number of patents	High employment rate (general and among women)	Low economic importance	120
Cluster 2: Good economic performers with tourism specialisation	Moderate GDP in relation to national average, high tourism density	Moderate number of patents	Moderate employment rate (general and among women)	Low-moderate importance	34
Cluster 3: Moderate innovators with high labour market inclusion	Moderate GDP in relation to national average	Moderate to high number of patents	High employment rate (general and among women)	Low economic importance	241
Cluster 4: Moderate agricultural regions with high labour market inclusion	Moderate GDP in relation to national average	Moderate number of patents	High employment rate (general and among women)	Moderate importance	316
Cluster 5: Lagging, agricultural regions with high growth	Low GDP in relation to national average, high growth	Very low patents	Low employment rate, moderate among women	High importance (employment, GVA)	116
Cluster 6: Lagging regions with low growth	Low GDP in relation to national average, low growth	Very low patents	Very low employment rate (general and among women)	High importance (employment, GVA)	80

Source: Project team, 2024.

²⁰ The indicators include: employment rate in 2022; ratio of women employed to men in 2019; share of employment in forestry, fishery and agriculture in 2019; share of surface area covered by farming in 2018; GDP per capita relative to national average in 2021; cumulative real GDP per capita growth between 2014-2021; tourism intensity (number of overnight stays per 100 000 inhabitants); number of patent applications to European Patent Office in 2012. Note: the dimensionality of the indicators was reduced via a principal component analysis to improve its robustness. The eight indicators were reduced into principal components, capturing approximately 93% of their variation, rotated and subsequently clustered.

Figure 26: Overview of regional characterisation – prosperous rural areas



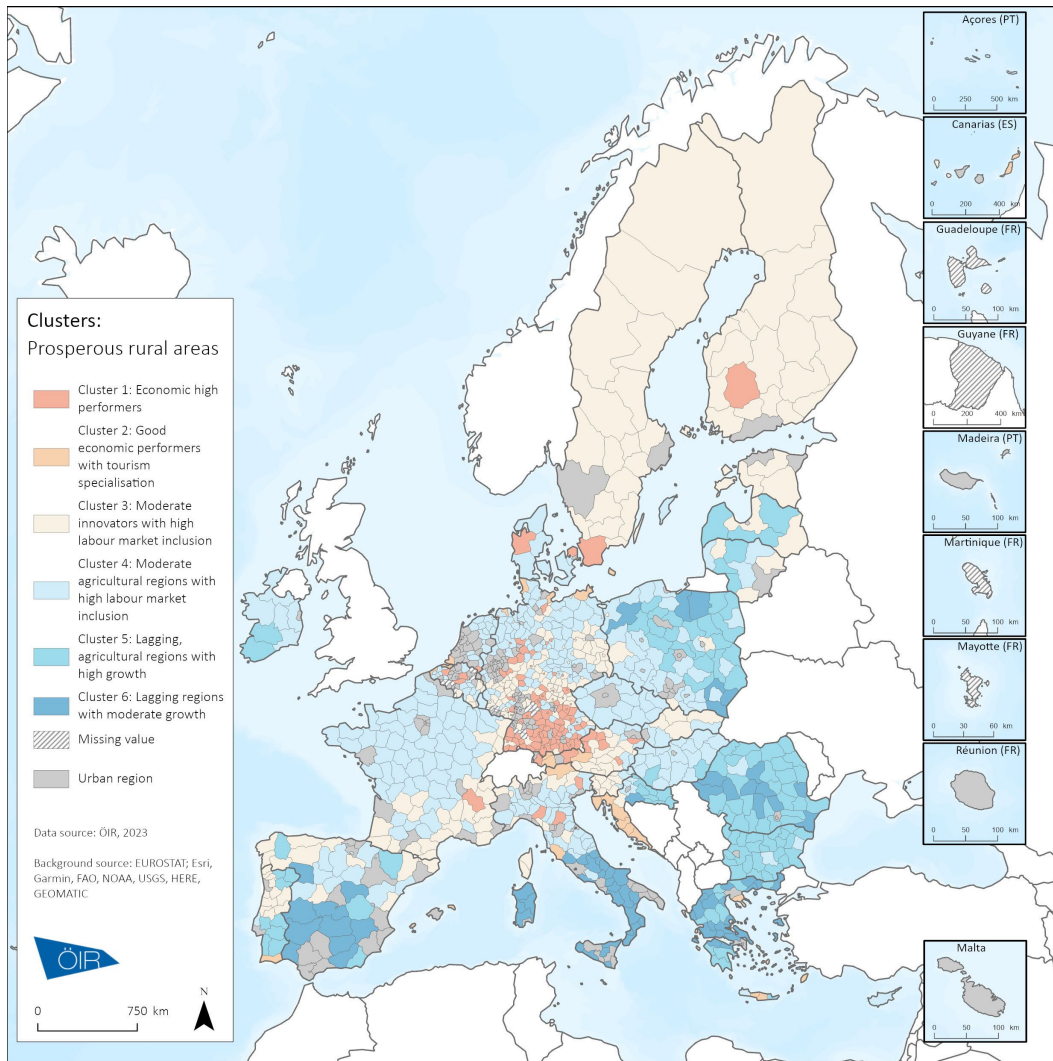
Source: Project team, 2024.

Cluster one covers regions mostly located in the south of Germany as well as Austrian regions close to the German border, regions of Demark and Sweden (the Öresund region) and Finland. These regions are considered as best performers in economic terms as well as with regards to innovation and labour market dynamism. These regions are almost entirely intermediate regions (almost 75%).

The regions of cluster two are found in eastern Austria, northern Italy, the Croatian coastline, southern Portugal and some Greek islands as well as northern Germany. The prosperity of the regions in this cluster is linked to dynamism of the tourism industry. There is also a moderate employment rate and the primary sector is of moderate to low importance. Over 35% are remote and constrained rural regions, 20% are rural regions.

The third cluster is largely centred in northern Europe (Sweden, Finland, Baltic states) with some regions in Portugal, south France, Austria, Slovenia and Slovakia. These regions are moderately economically dynamic, quite innovative, employment rate is high and the primary sector is moderately important. Slightly more than half of these regions are intermediate, about 30% are remote and constrained rural regions and nearly 20% are rural regions.

Map 17: Cluster analysis prosperous rural and intermediate regions



Source: Project team, 2024.

The regions of cluster four are located in Ireland, France, northern Germany, Denmark, northern Italy, Czechia, Hungary. They are moderate in terms of economic dynamism, innovation but have high employment rates. The territorial composition is similar than for the previous cluster, but with a higher share of rural regions (25%).

Cluster five regions are mostly found in Ireland, Portugal, Latvia and Lithuania, Poland, Romania, Bulgaria and Greece. These regions have a relatively low GDP but the regions are economically growing, innovation is lagging behind and the employment rate is relatively low. The primary sector is important in the regions' economy. In territorial composition, half are remote and constrained rural regions, and over 20% rural regions.

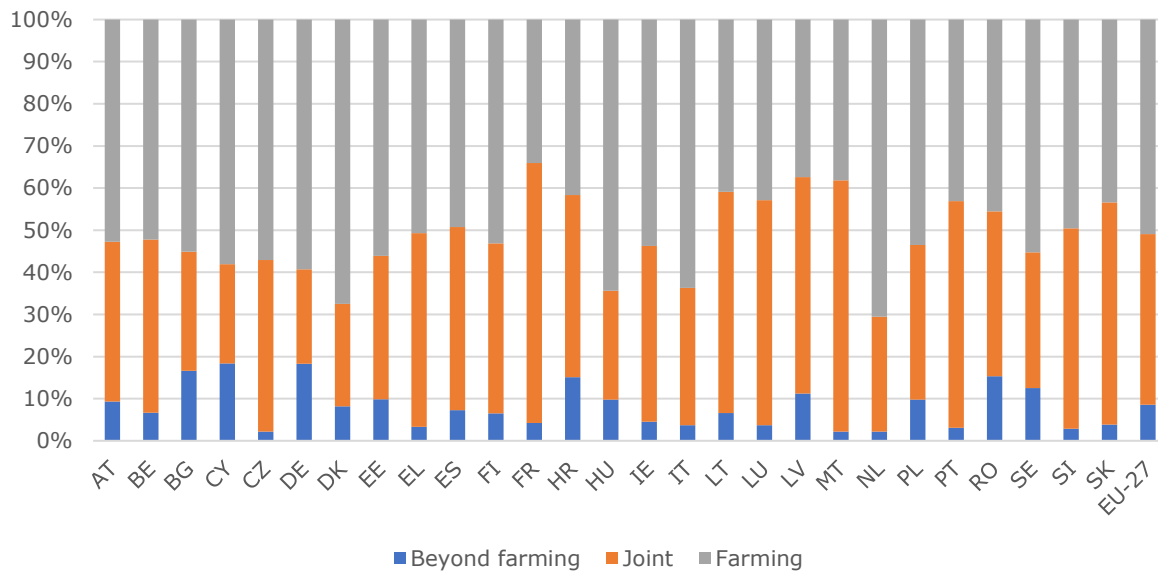
The last cluster covers regions in southern Spain and Italy, Poland, Romania and Greece. These regions are declining, in terms of GDP and GDP evolution and have a limited innovation capacity. The primary sector is important in the regional economy. While this cluster's characteristics are relatively similar to the previous one, the types of regions represented include a higher share of intermediate regions (over 55%) and 35% of remote and constrained rural regions.

7. Funding in rural regions

7.1 CAP funding beyond farming at EU and Member State level

The analysis of EAFRD measures in section 2.3 highlighted which measures predominantly contribute to the farming sector, and which go beyond, as well as measures contributing to both farming and non-farming sectors. Building on this analysis, this section examines the funding patterns of EAFRD measures per Member State. Expenditure on measures supporting rural development for farming is aggregated and compared with expenditure on joint measures and measures for rural development beyond farming²¹.

Figure 27: EAFRD 2014-2022 (total paid EU expenditure between 2014-2021) – relative farming, joint and beyond farming rural development

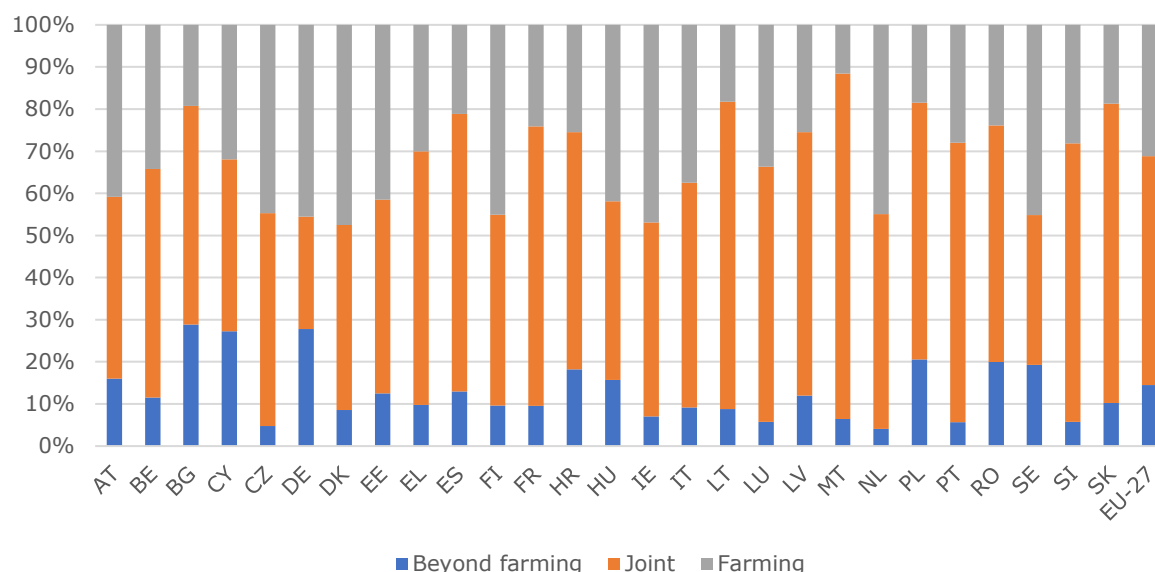


Source: Project team, 2024, based on AGRI food data portal (EU paid expenditure, 2014-2021); Note: Only funding from focus areas 5C, 6A-C was included for measures M04, M16 in the category "beyond farming".

As illustrated in Figure 27 for EU expenditure (paid between 2014-2021) and Figure 28 for EU expenditure (planned), the bulk of EAFRD support is dedicated to rural development focused on farming, as well as joint support, in all Member States. Nonetheless, specific differences can be observed in relation to funding allocations to beyond farming measures. Bulgaria, Cyprus, Germany, Croatia, Latvia, Romania and Sweden have the largest share of EAFRD spending on rural development beyond farming in terms of EU expenditure. These patterns are also illustrated in Figure 29 for total public expenditure (paid between 2014-2021) and in Figure 30 for total public expenditure (planned).

²¹ The measures contributing directly to *rural development beyond farming* include M07 and M19 as well as, partially, M04, and M16. For these latter two measures, only the funding from Focus Areas 5C, 6A-C was included. The category *joint* includes M03, M04 (other than FA C, 6A-C), M06, M08, M09, M13, M15 and M16 (other than FA 5C, 6A-C). All other measures are grouped under the category rural development focussing on *farming*. Note for M06: The AGRI food data portal does not enable a differentiation of M06 by focus area for EU expenditure. As such, it is classified as a "joint" measure; it is assessed in more detail in the following section. Regarding M13: While M13 is classified overall as "farming", M13.1 support is classified as "joint". As sub-measure level data is not available via the used data source, the overall funding volume of M13 is represented in the joint category.

Figure 28: EAFRD 2014-2022 (planned EU expenditure) – relative farming, joint and beyond farming rural development



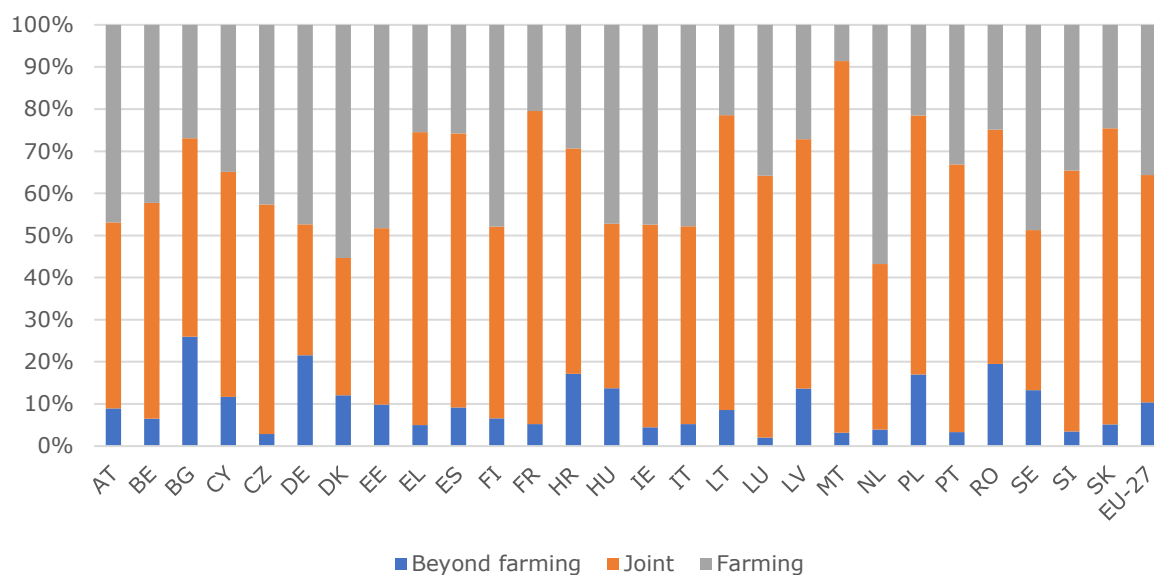
Source: Project team, 2024, based on Cohesion Data (planned EU expenditure); Note: Only funding from Focus Areas 5C, 6A-C was included for measures M04, M16 in the category "beyond farming".

In total, the expenditure linked to measures for rural development beyond farming amounts to EUR 8.6 bn (total EU paid) for the period 2014-2021. This corresponds to approximately 9% of the total EAFRD EU expenditure. Paid joint expenditure (EU paid, following the classification above) amounts to EUR 41 bn or approximately 41% of total paid EU expenditure. This sum is composed of EUR 184.1 m (M03), EUR 13.7 bn (M04 other than FA 5C and 6A-C), EUR 4.9 bn (M06), EUR 498.1 m (M16 other than FA C and 6A-C), EUR 2.2 bn (M08), EUR 154.2 m (M09), EUR 19.3 bn (M13²²), EUR 85.4 m (M15).

In terms of planned EU expenditure, rural development beyond farming accounts for EUR 18.3 bn or approximately 14% of total planned EU expenditure. This corresponds to an absorption rate of approx. 47% for rural development beyond farming support, at the end of 2021. Planned joint expenditure (EU paid, following the classification above) amounts to EUR 68.8 bn or approximately 54% of total planned EU expenditure. This sum is composed of EUR 444.7 m (M03), EUR 28.9 bn (M04 other than FA 5C and 6A-C), EUR 9 bn (M06), EUR 1.6 bn (M16 other than FA 5C and 6A-C), EUR 4.4 bn (M08), EUR 303.9 m (M09), EUR 23.9 bn (M13), EUR 214.3 m (M15).

²² No information on funding levels for the sub-measure M13.1 was available separately for planned public and EU expenditure, hence reporting of total funding volume here. M13.1 is discussed in more detail in section 7.2.

Figure 29: EAFRD 2014-2022 (total paid public expenditure between 2014-2021) – shares allocated to farming, joint and beyond farming rural development

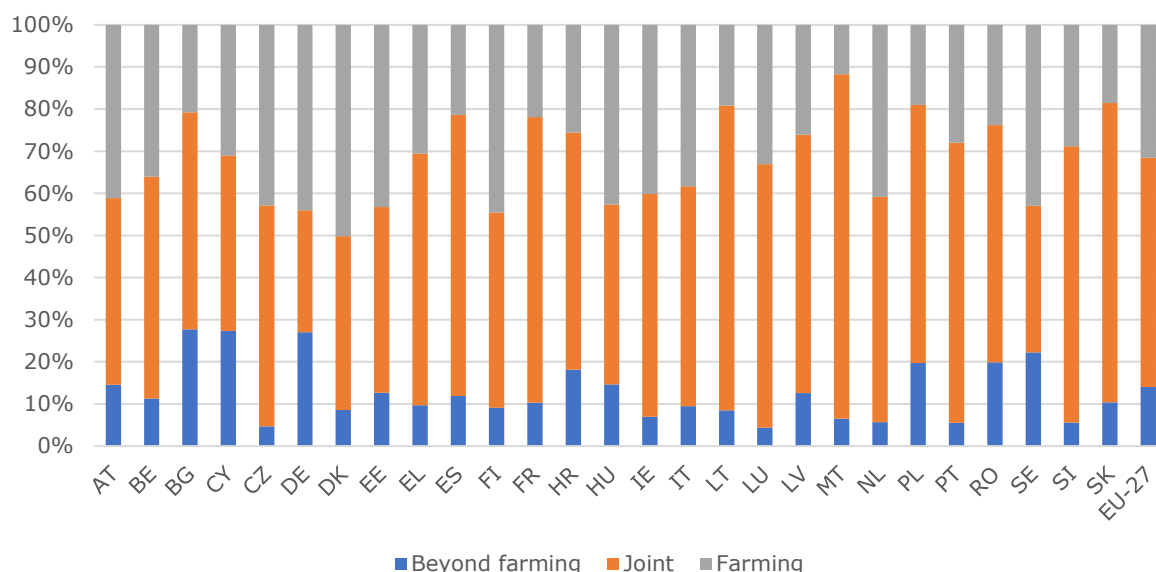


Source: Project team, 2024, based on AGRI food data portal (EU paid expenditure, 2014-2021); Note: Only funding from focus areas 5C, 6A-C was included for measures M04, M16 in the category "beyond farming".

Regarding total public expenditure, support under rural development beyond farming amounts to EUR 11.8 bn or 10% of total EAFRD public expenditure paid out between 2014 and 2021. In comparison, in the much broader joint category, total paid out public expenditure amounts to EUR 41.5 bn. Per measure, the funding split of this category is as follows: EUR 309.9 m (M03), EUR 21.6bn (M04 other than FA 5C and 6A-C), EUR 6.8 bn (M06), EUR 2.4 bn (M16 other than FA 5C and 6A-C), EUR 6.6 bn (M08), EUR 993 m (M09), EUR 28.1 bn (M13), EUR 117.5 m (M15).

In terms of planned total public expenditure, rural development beyond farming accounts for 28.3 bn (or approx. 14% of total planned expenditure) for the 2014-2022 period, with an absorption rate of 41% at the end of 2021. For the joint category, total planned public expenditure amounts to approx. EUR 101.1 bn or 54% of overall funding. Per measure, this translates into: EUR 747.9 m (M03), EUR 43 bn (M04 other than FA C and 6A-C), EUR 12.5 bn (M06), EUR 2.4 bn (M16 other than FA C and 6A-C), EUR 6.6 bn (M08), EUR 423.8 m (M09), EUR 35.2 bn (M13), EUR 279.6 m (M15).

Figure 30: EAFRD 2014-2022 (planned total public expenditure) – shares allocated to farming, joint and beyond farming rural development

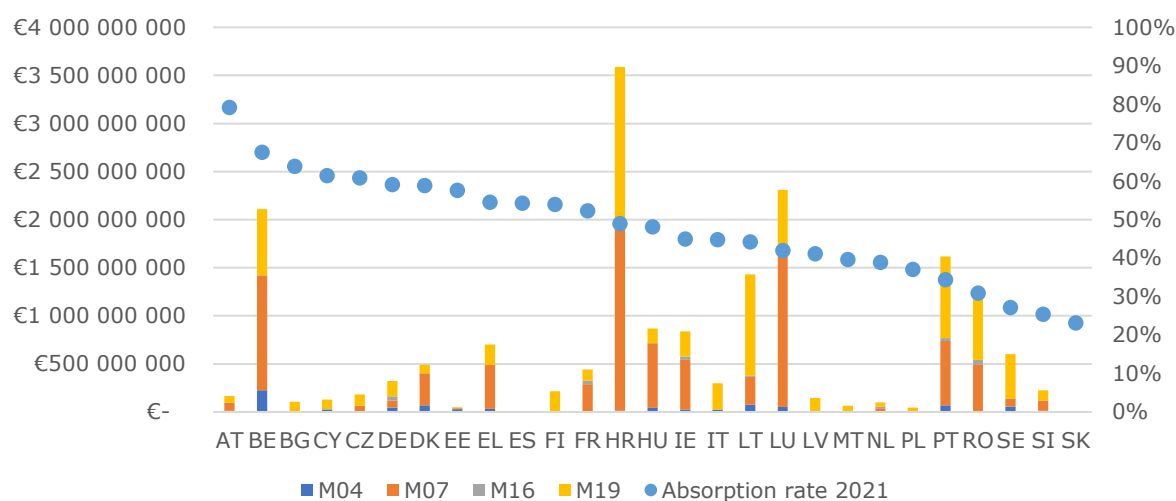


Source: Project team, 2024, based on Cohesion Data (planned public expenditure expenditure); Note: Only funding from focus areas 5C, 6A-C was included for measures M04, M16 in the category "beyond farming".

Figure 31 and Figure 32 provide further details on the expenditure split between these selected measures per Member State in terms of planned EU expenditure and planned total public expenditure. Overall, the importance of M19 and M07 in support to the non-farming sector is also reflected in terms of financial allocation. Some countries picked M19 as a key vehicle for supporting wider rural areas (e.g. Czechia, Estonia, Denmark, Ireland, Luxembourg, Slovenia and Malta). For other Member States (e.g. Bulgaria, Germany, France, Croatia, Hungary, Latvia, Poland, Romania, Slovakia and Sweden), M07 is the main measure addressing rural development beyond farming.

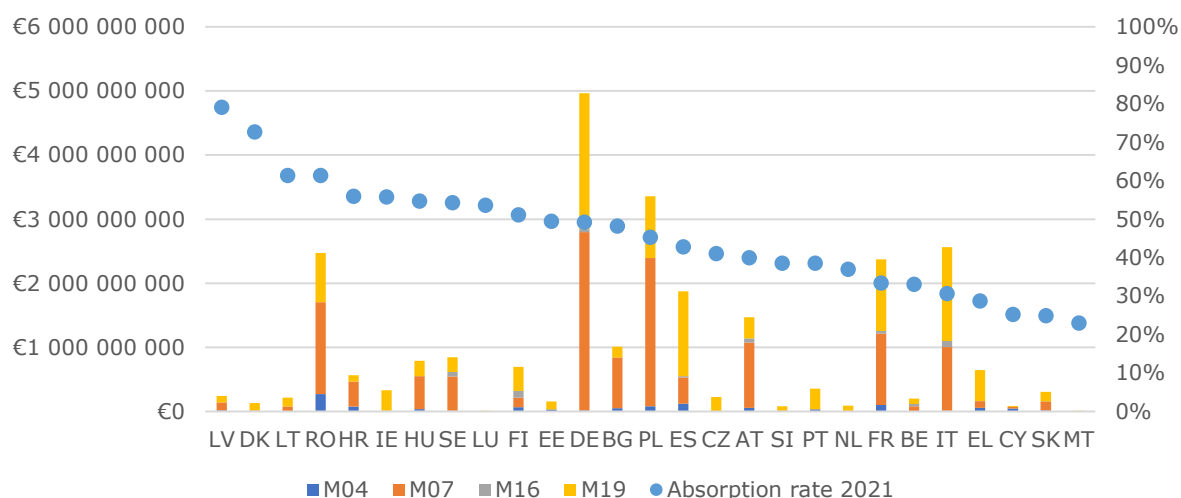
Figure 31 and Figure 32 also provide information on absorption rates in the different countries, varying between 23% and over 70%, which calls for caution when comparing the paid expenditure between Member States.

Figure 31: Rural development beyond farming in EUR, planned expenditure (EU funding) and absorption rate 2021 (%) by MS



Source: Project team, 2024, based on AGRI food data portal for paid expenditure (2014-2021) and Cohesion Data for planned expenditure; Note: Only funding from focus areas 5C, 6A-C was included for measures M04, M16; M06 cannot be differentiated by focus area.

Figure 32: Rural development beyond farming in EUR, planned expenditure by MS (total public funding) and absorption rate 2021 (%) by MS



Source: Project team, 2024, based on AGRI food data portal; Note: Only funding from focus areas 5C, 6A-C was included for measures M04, M16; M06 cannot be differentiated by focus area.

7.2 CAP 2014-2022 funding beyond farming at territorial level

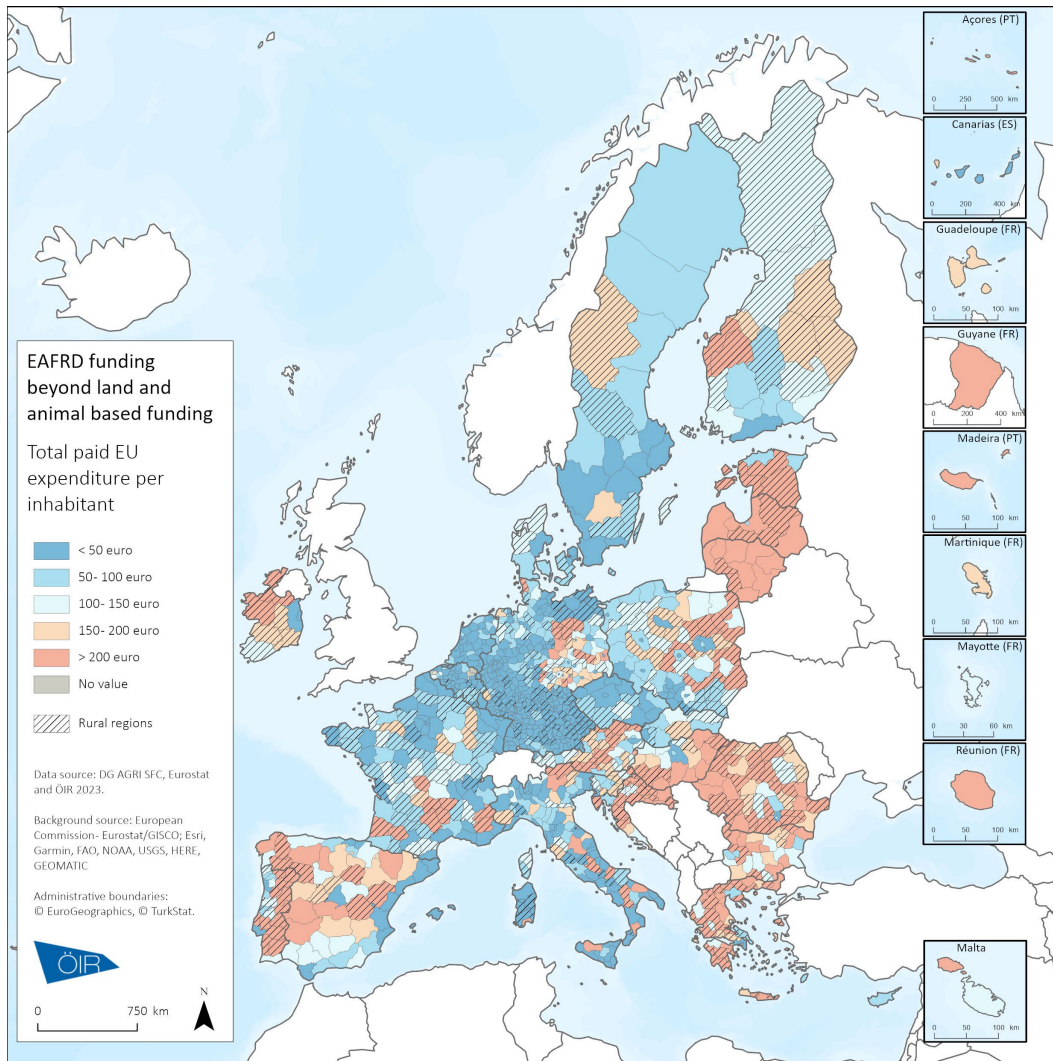
The CAP supports considerable investments in rural areas. This section discusses the territorial characteristics of CAP funding in line with the LTVRA with a focus on EU funding paid between 2014 and 2022. In some cases (such as for selected sub-measures), funding data was only available for the 2014-2021 timeframe, or only in terms of total public expenditure (i.e. with national co-financing). These cases are highlighted explicitly in the notes underneath the respective figures.

Map 18 illustrates the territorial distribution of EAFRD expenditure per capita excluding that funding targeted at animals, or agricultural or forestry land²³, i.e. different than the typology of funding developed in section 2.3. This grouping of expenditure also includes support targeted at the farm sector, such as investment support, which may indirectly benefit rural areas and LTVRA blocks of action more broadly. From Map 18, the following observations can be made in terms of EU paid expenditure:

- Out of the total EUR 37.2 bn paid out for rural development beyond land and animal-based measures, approximately 42% or EUR 15.6 bn were spent in rural regions, and 42% or approx. 15.6 bn were spent in intermediate NUTS3 regions. 16% or approx. EUR 6 bn were spent in urban regions.
- In comparison, EAFRD expenditure dedicated to land and animal-based measures between 2014-2021 amounted to EUR 41.6 bn. Out of this sum, 53% or EUR 22 bn were spent in rural regions, 39% or EUR 16 bn were spent in intermediate regions, and 8% or EUR 3.4 bn were spent in urban regions.
- In per capita terms, EAFRD expenditure beyond land and animal-based measures was often higher in relatively newer Member States. Funding per capita was also significantly higher in rural regions (in total EUR 184) than in intermediate (EUR 93) or urban regions (EUR 28) between 2014 and 2021.

²³ Specifically, this map accounts for the CATS category EU expenditure allocated to "EAFRD 2014-2020 other than area and animal related".

Map 18: EAFRD EU expenditure per capita (2014-2021) beyond land and animal-based funding (EUR per inhabitant)



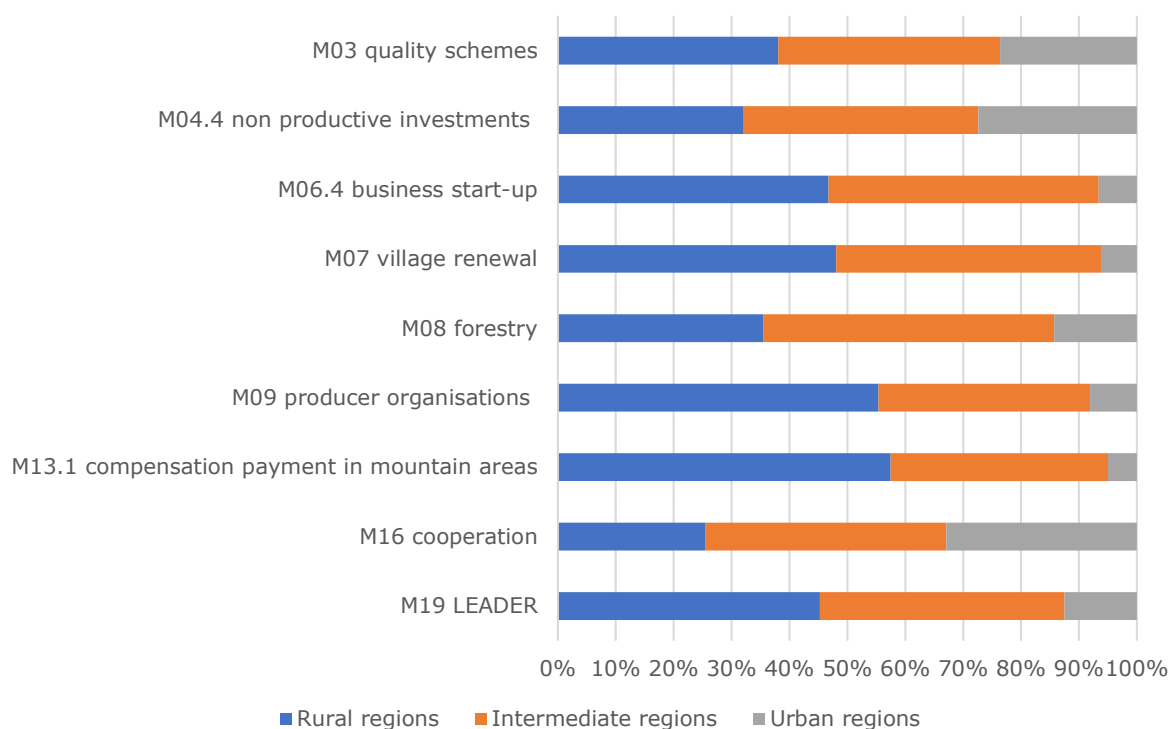
Source: Project team, 2024, based on DG AGRI CATS data and Eurostat (demographic data: 2022); Note: this funding data is only available for the time period 2014-2021.

Rural development at measure level

The expenditure analysis is here refined, with maps produced for specific measures and sub-measures linked to rural development beyond farming, as well as some “joint” support measures particularly relevant to the LTVRA. The measures include M19 LEADER, M07 village renewal, M08 forestry, M16 cooperation²⁴ as well as M03 quality schemes and M09 producer organisations. Non-productive investments (M04.4), rural business start-up (M06.4) and support to mountainous areas (M13.1) were also included in the analysis.

²⁴ For M16 cooperation, the available NUTS3 EU expenditure data does not allow for sufficient differentiation at sub-measure level.

Figure 33: EAFRD expenditure per type of region (relative share 2014-2022), selected measures beyond farming/joint



Source: Project team, 2024, based on DG AGRI and Eurostat.

Figure 33²⁵ provides a territorial overview of funding of the measures classified as “beyond farming” and “joint”, differentiating the share of funding spent in rural, intermediate, and urban NUTS3 regions. The figure shows that, depending on the measure, a significant portion of EAFRD EU expenditure is reaching rural regions, accounting for between 25% and 47% of total expenditure in 2014 to 2022. However, significant funding was also paid in intermediate regions as they capture many rural areas within the NUTS3 delineation.

A significant measure supporting actions across the LTVRA is M19 LEADER. Map 19 illustrates the funding of M19 LEADER between 2014-2022 at regional level, per capita²⁶.

Assessment of M19 LEADER EU expenditure at regional level provides the following insights as regards territorial scales and patterns:

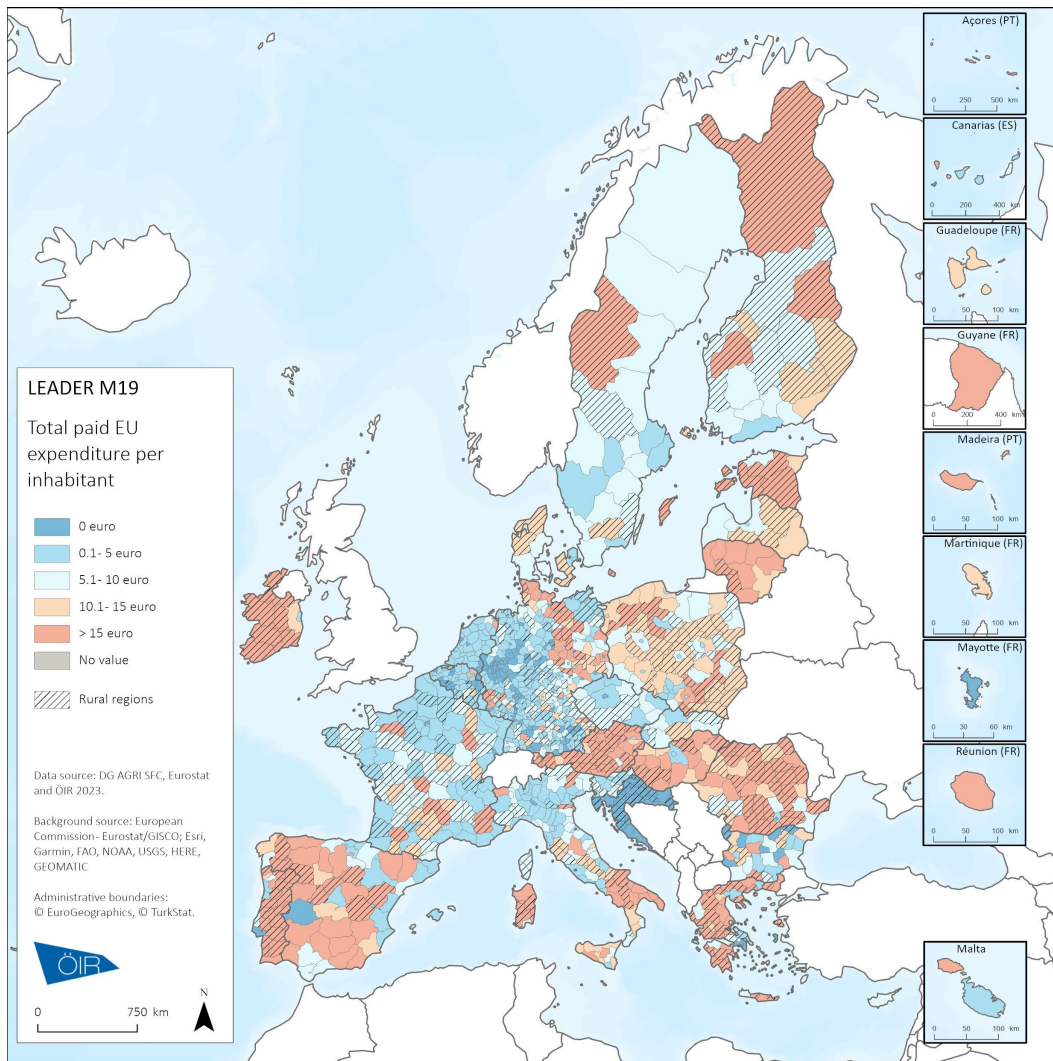
- Out of the total EUR 3.18 bn spent (2014-2022) on LDS projects, approximately 45% (EUR 1.4 bn) was directed at rural regions and 42% (EUR 1.3 bn) at intermediate regions, with 13% (EUR 397 m) spent in urban NUTS3 regions.
- Per capita LEADER expenditure on LDS projects was highest, on average, in rural regions, accounting for approx. EUR 17 per capita. Intermediate regions saw funding of around EUR 7.5 per capita.
- Geographically M19 LEADER shows relatively balanced funding patterns, both in terms of per capita and absolute funding. Funding levels are relatively higher in Member States including Ireland, Spain, Austria, (eastern) Germany, as well as Hungary and Romania.
- In terms of thematic expenditure, around EUR 315 m were spent by LAGs in relation to the implementation of LEADER competitiveness projects and approx. EUR 36 m for projects related to the environment and land management. By far the largest single expenditure field of LEADER funding was quality of life and diversification projects, amounting to EUR 2.2 bn (69% of the total).

²⁵ Note: funding figures at measure level sum up total EU expenditure between 2014 and 2022.

²⁶ The project team also produced maps illustrating the absolute funding per NUTS3 region for selected measures.

In addition to funding for LDS projects highlighted in Map 19, EUR 224 m were spent on cooperation projects and EUR 674 m on animation and running the LAGs, bringing total paid EU expenditure to approx. EUR 4 bn.

Map 19: Total EU expenditure M19 (2014-2022), per inhabitant



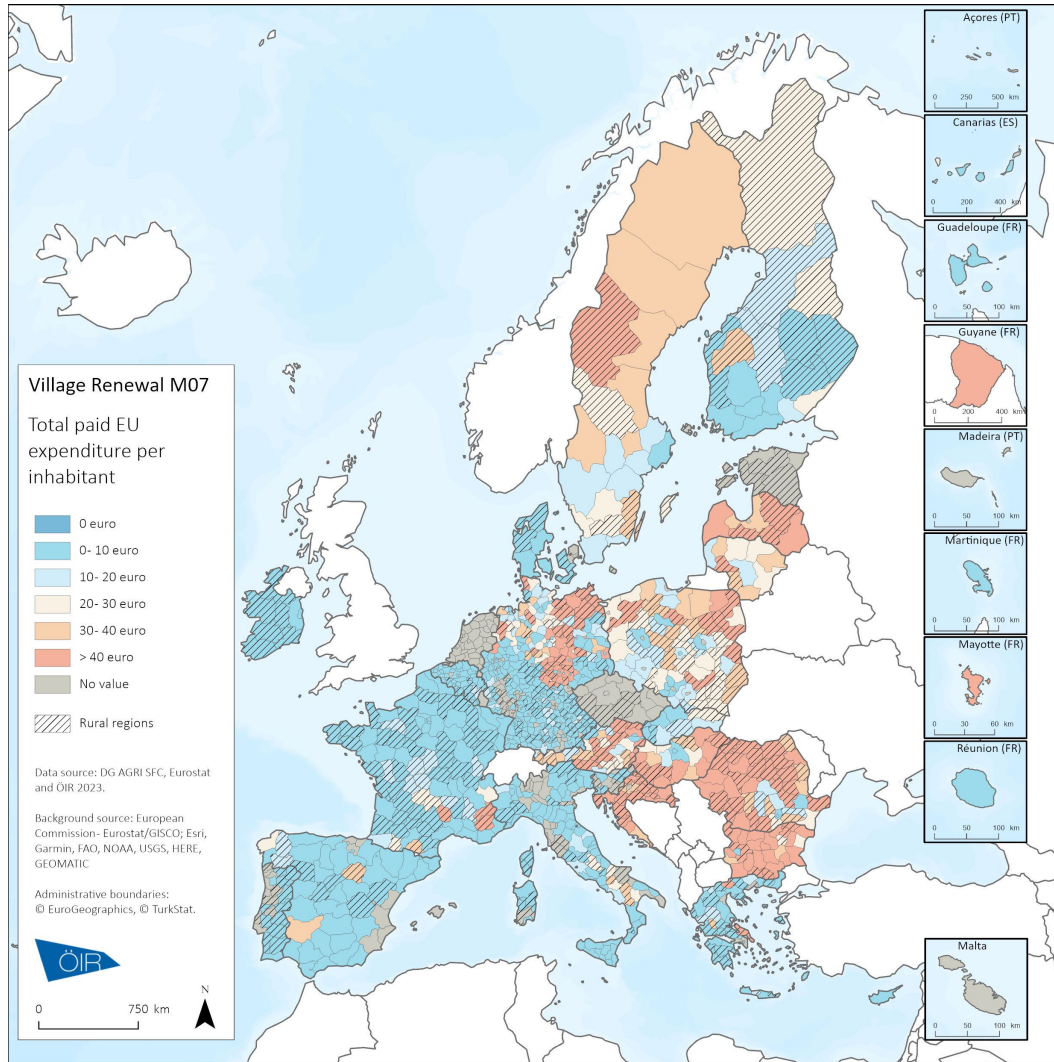
Source: Project team, 2024, based on DG AGRI and Eurostat (demographic data: 2022).

M07 village renewal had relatively wide implementation across the EU-27, encompassing rural revitalisation investments, digitalisation support, as well as support to environmental and NATURA 2000 management and investments.

Village renewal funding (2014-2022, see Map 20) via M07 was analysed in regard to its territorial characteristics, providing the following insights:

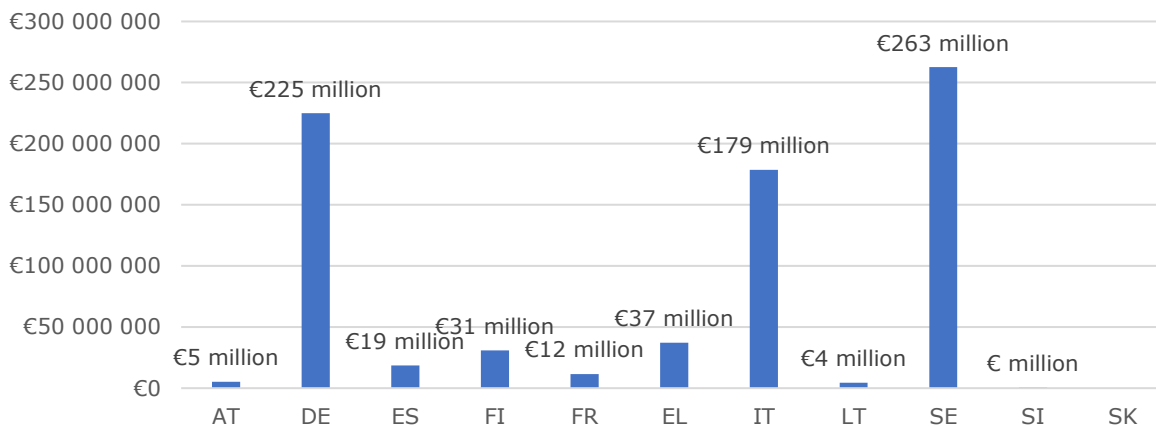
- A total of approx. EUR 5 bn of EU expenditure was spent on M07 between 2014 and 2022. Funding disbursed in rural regions accounted for 48% of total EU expenditure under this measure, or approx. EUR 2.39 bn. Intermediate regions saw payments of approx. EUR 2.27 bn or 46% of total spending. Support in urban regions accounted for 6% or EUR 309.3 m.
- Support levels were significantly higher in rural regions, with about EUR 28 spent per capita on average across the EU-27. Intermediate regions saw support around EUR 16 per capita while urban regions saw a very limited EUR 1.78 per capita.
- M07 sees relatively balanced funding patterns at regional level throughout the EU-27, also due to the relatively high funding allocation for this measure. M07 expenditure is higher in absolute and per capita terms in less developed regions, in the newer Member States in the EU-27, as well as in the Nordics.

Map 20: Total EU expenditure M07 (2014-2022), per capita



Source: Project team, 2024, based on DG AGRI and Eurostat (demographic data: 2022).

Figure 34: Total public (EU and national) expenditure (2014-2021) for M07.3

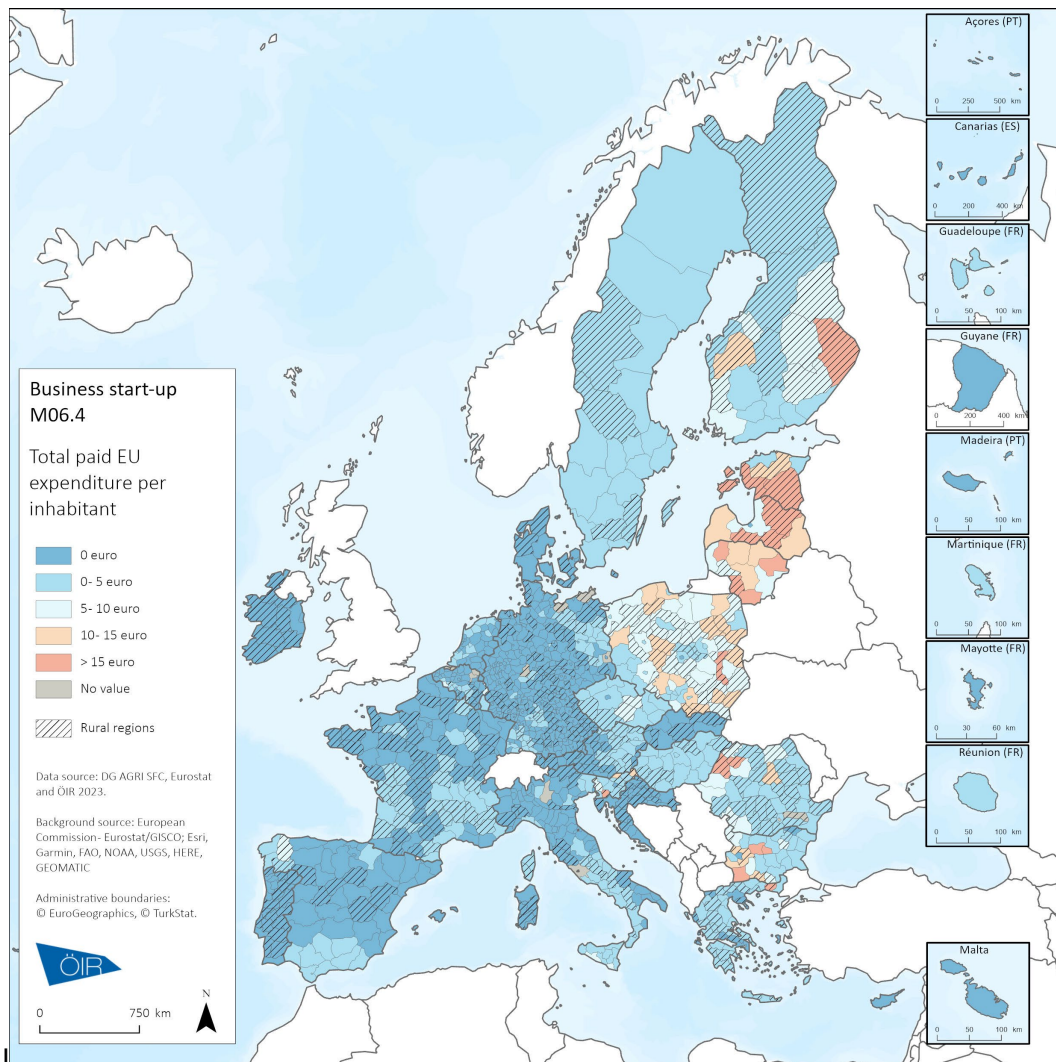


Source: Project team, 2024, based on DG AGRI; Note: For this sub-measure only total public expenditure (EU and national) is available for the timeframe 2014 to 2021.

Support to high-speed internet access in rural areas was also implemented via M07. This support (M07.3) is visualised in terms of total paid public expenditure (2014-2021) for the Member States implementing M07.3 in Figure 34, amounting to EUR 775 m. Particularly Sweden, Italy, and Germany supported digital infrastructure investments via M07.3. For most other Member States, support volumes were comparatively low.

The EAFRD 2014-2022 supported non-agricultural rural start-ups via sub-measure M06.4 and agricultural diversification via sub-measure M06.2. Total EU expenditure between 2014-2022 of M06.4 (rural business start-up) is shown in Map 21 in per capita amounts. EUR 541 m of EU expenditure was spent via M06.4 and concentrated on rural and intermediate NUTS3 regions, accounting each for approximately 47% of total expenditure on the sub-measure, or EUR 253 m each. Approx. EUR 35 m were spent in urban regions. Due to the relatively low funding tied to this sub-measure overall, per-capita funding intensities are low, but significantly higher in rural regions than other regions (EUR 2 per capita in rural, compared to approx. EUR 1 in intermediate and urban regions). This sub-measure saw greater implementation across regions in the newer Member States and in the Nordics.

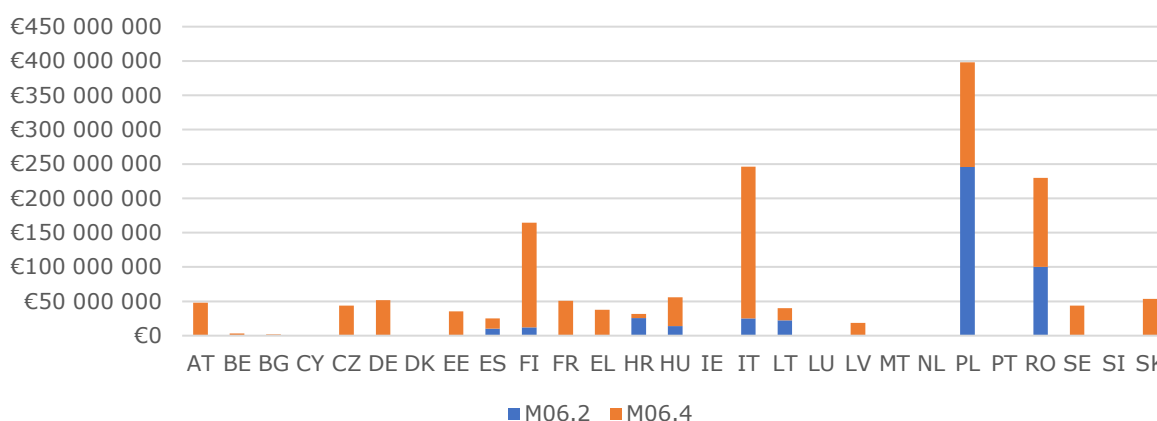
Map 21: Total EU expenditure M06.4 (2014-2022), per capita



Source: Project team, 2024, based on DG AGRI and Eurostat.

Complementing the insights from the map above, the project team also visualised total public expenditure of those two sub-measures at Member State level in Figure 35. While M06.4 sees relatively widespread adoption with high funding particularly in Italy, Finland, Poland and Romania, M06.2 was implemented to a comparatively lower degree, primarily in Poland and Romania. In terms of total public expenditure between 2014-2021 M06.2 amounted to EUR 454.9 m across the EU while funding under M06.4 amounted to EUR 1.32 bn.

Figure 35: Total public (EU and national) expenditure (2014-2021) for M06.2 and M06.4

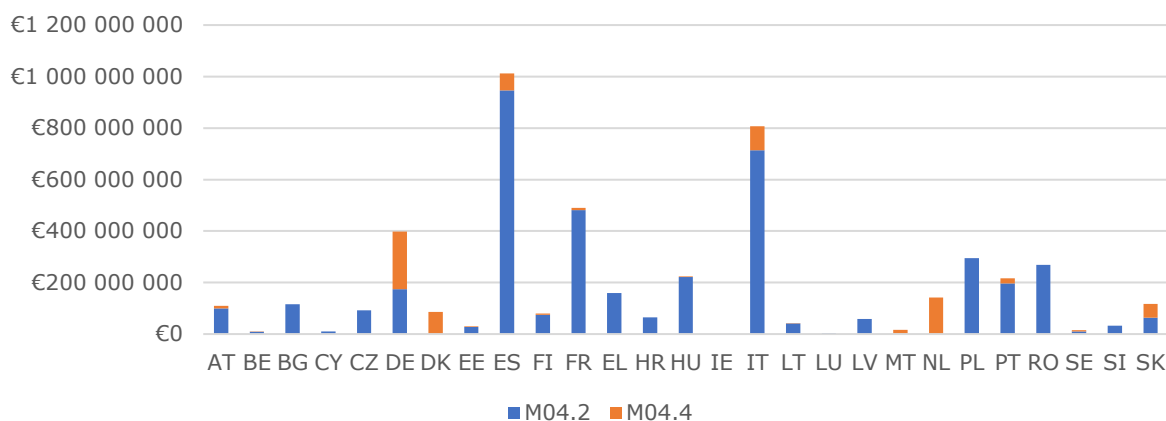


Source: Project team, 2024, based on DG AGRI; Note: For these two sub-measures only total public expenditure (EU and national) is available for the timeframe 2014 to 2021.

Non-productive investments, such as those targeting environmental and climate needs, were supported via M04.4 within the wider bounds of M04 investment support. Further, M04 also supported investments into processing, marketing or the development of agricultural product via M04.2. The total public expenditure of both sub-measures is illustrated in Figure 36. In terms of total public expenditure across the EU, M04.2 amounted to EUR 4.29 bn between 2014 and 2021. In the same timeframe, total public expenditure of M04.4 summed up to EUR 729.5 m.

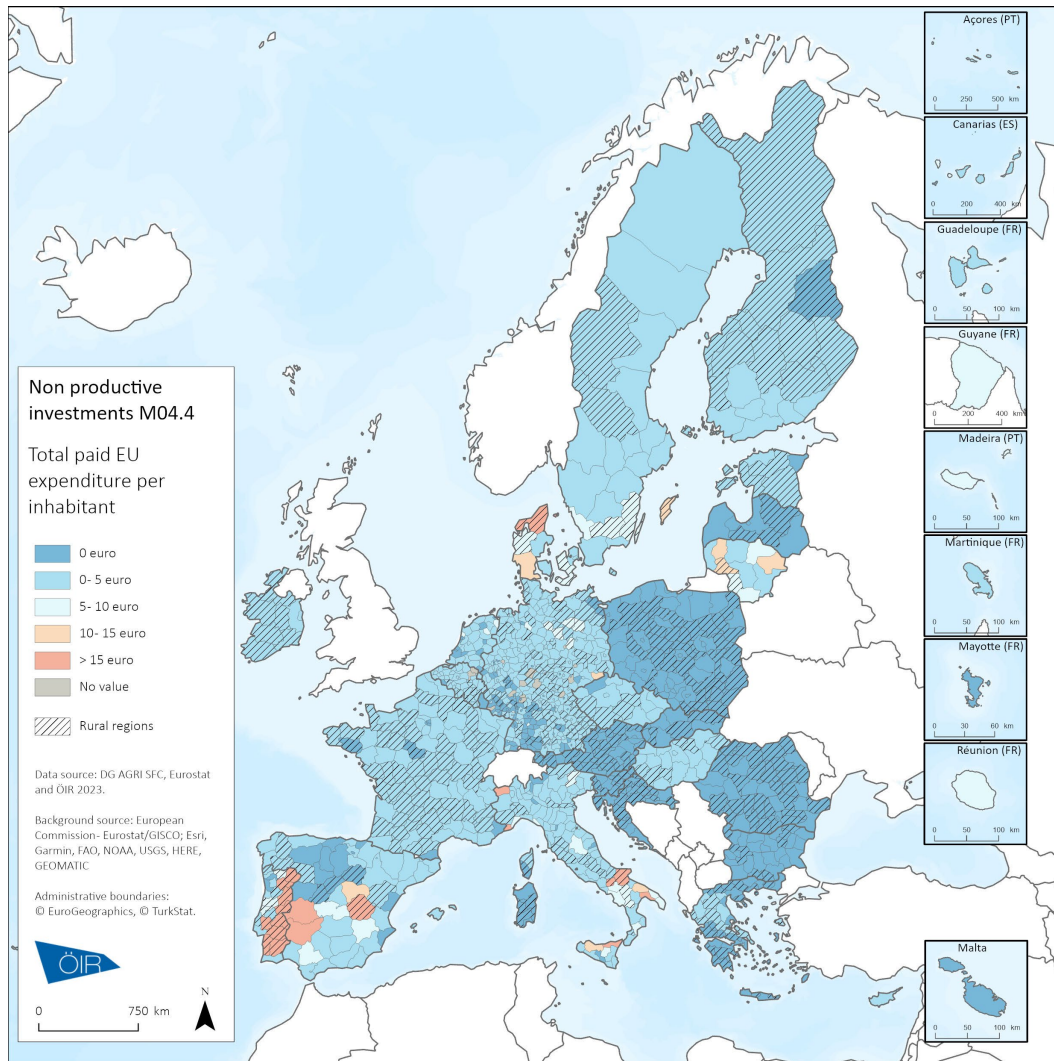
The funding patterns (absolute EU expenditure per region, 2014-2022) are shown in Map 22 in terms of per capita amounts for M04.4. A total of EUR 520 m were implemented via M04.4. Intermediate regions received the majority of M04.4 support, amounting for 41% of total spent in the sub-measure (EUR 210 m). Rural regions received 32% or EUR 166 m; urban regions received 27% or EUR 142 m. Expenditure of this sub-measure was concentrated relatively more in Lithuanian, Spanish and Portuguese, some Italian, Hungarian, Czech as well as Danish and Swedish regions. Significant volumes were also invested in the outermost regions. Support levels per capita were similar to M06.2, with approx. EUR 2 invested per inhabitant in rural regions and approx. EUR 1 invested per inhabitant in intermediate and urban regions.

Figure 36: Total public (EU and national) expenditure (2014-2021) for M04.2 and M04.4



Source: Project team, 2024, based on DG AGRI; Note: For these two sub-measures only total public expenditure (EU and national) is available for the timeframe 2014 to 2021.

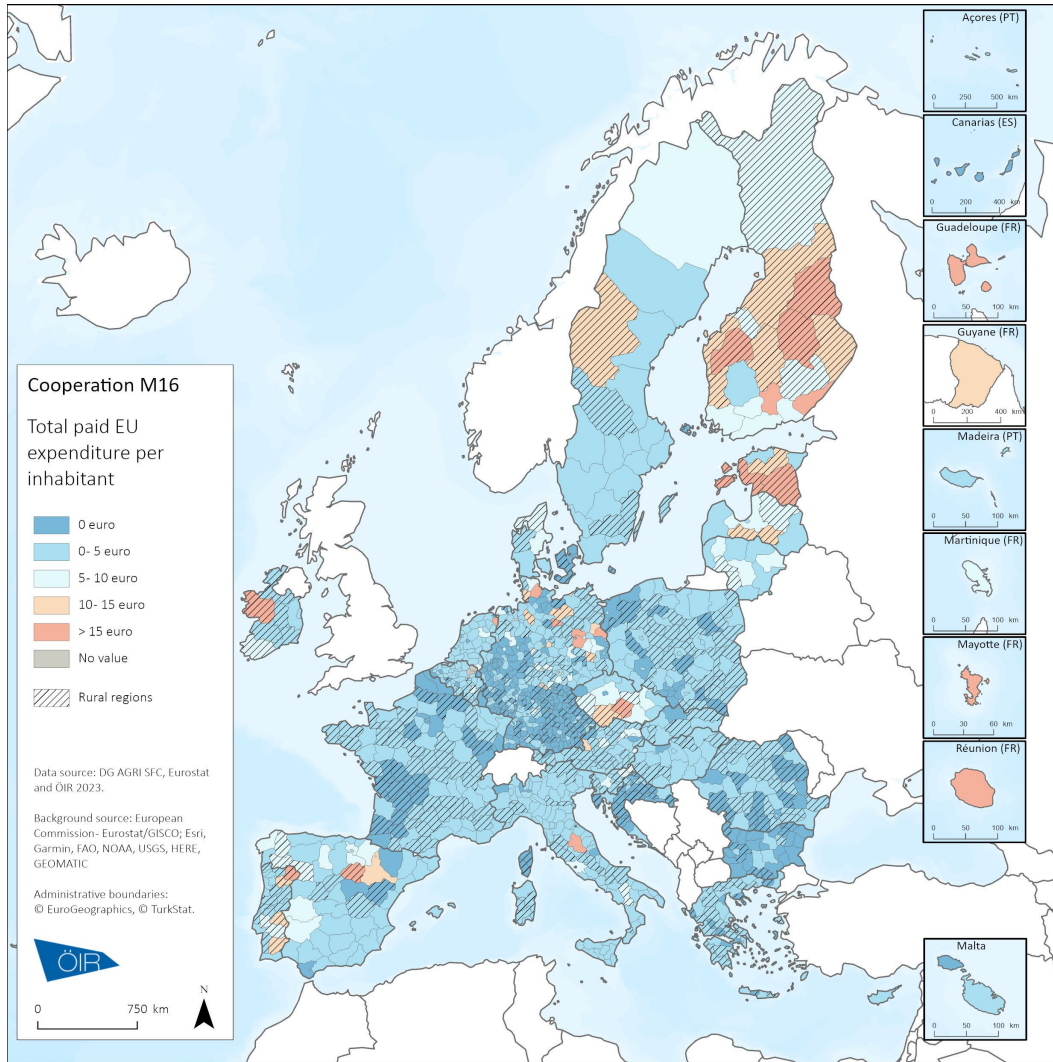
Map 22: Total EU expenditure M04.4 (2014-2022), per capita



Source: Project team, 2024, based on DG AGRI and Eurostat.

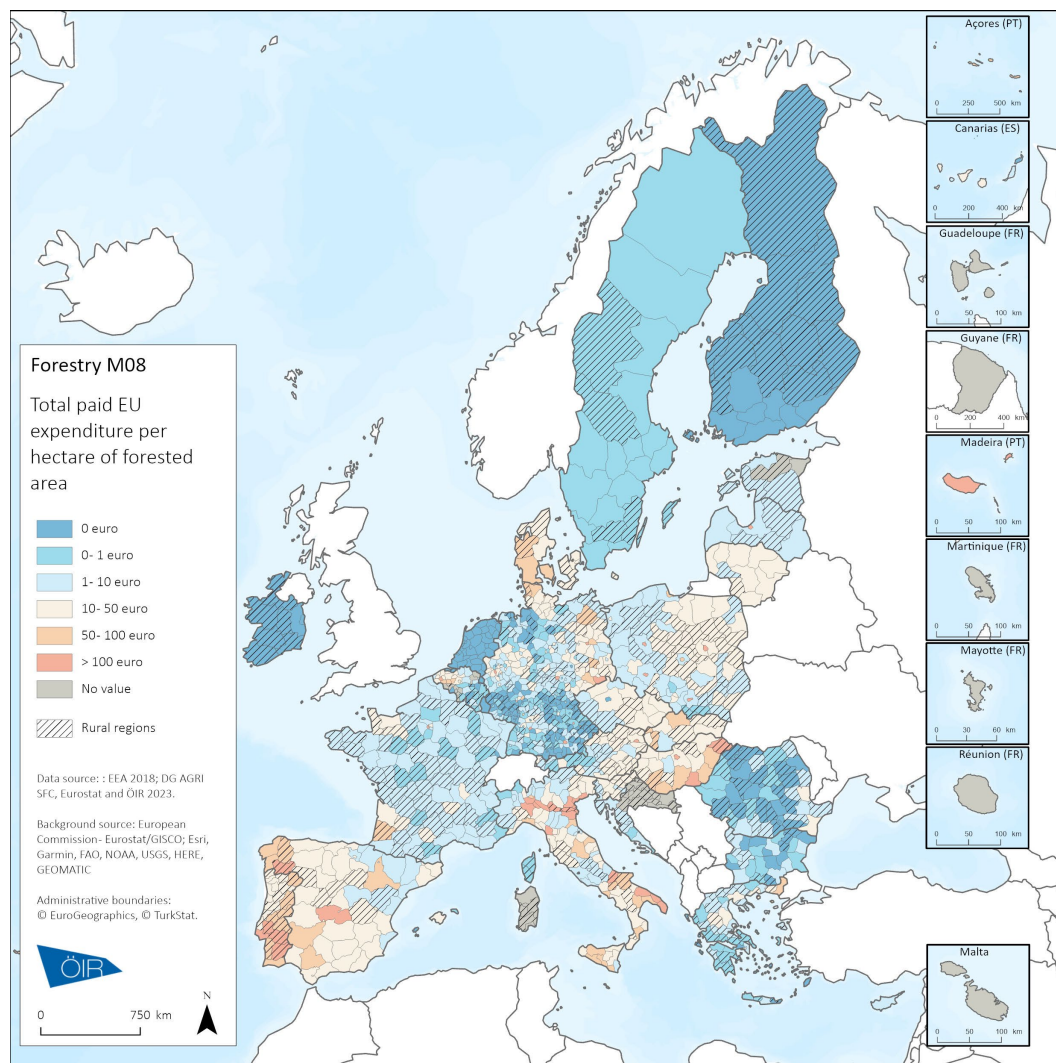
Total EU expenditure for M16 cooperation is illustrated in Map 23 in per capita amounts. Of the total EUR 735 m spent between 2014 and 2022, 42% or EUR 306 m were spent in intermediate regions and 33% or EUR 241 m were spent in urban regions. Rural regions received approximately 25% of total expenditure in this measure, amounting to approx. EUR 188 m. This urban-rural split, atypical in comparison with other rural development measures, is likely due to the strong weight of EIP-AGRI within this measure: as research institutions tend to be located in more urban regions, significant expenditure will also be shifted to those regions, even though the benefit should flow to the (rural) place where the innovation project is implemented. In terms of per capita support, expenditure is highest in rural and intermediate regions, amounting to approx. EUR 2.2 and EUR 1.9 per inhabitant, respectively.

Map 23: Total EU expenditure M16 (2014-2022), per capita



Source: Project team, 2024, based on DG AGRI and Eurostat.

Support to the forestry sector via M08 is visualised in Map 24. Of the approx. EUR 2.4 bn spent in EU funding between 2014 and 2022, approximately half (or EUR 1.2 bn) was spent in intermediate NUTS3 regions. Rural regions received 36% of M08 support or approximately EUR 850 m, with urban regions receiving 14% or EUR 340 m. The funding patterns show strong geographic differentiations by funding priorities of the Member States implementing M08. Comparatively more funding was spent in Spanish, Danish, Italian, Czech and Hungarian regions.

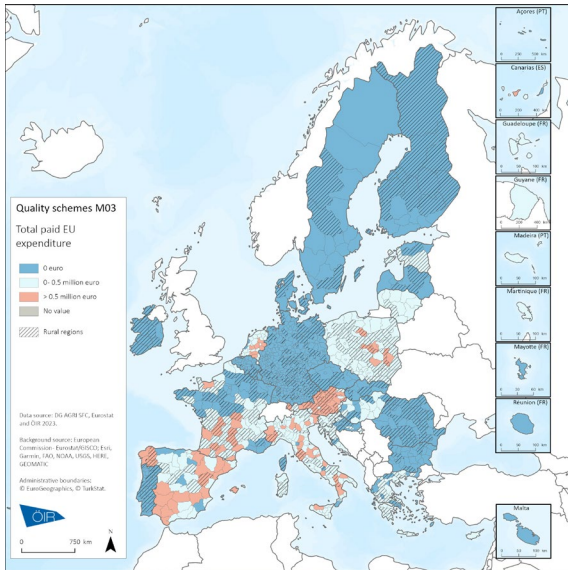
Map 24: Total EU expenditure M08 (2014-2022), per hectare of forested area

Source: Project team, 2024, based on DG AGRI and Eurostat.

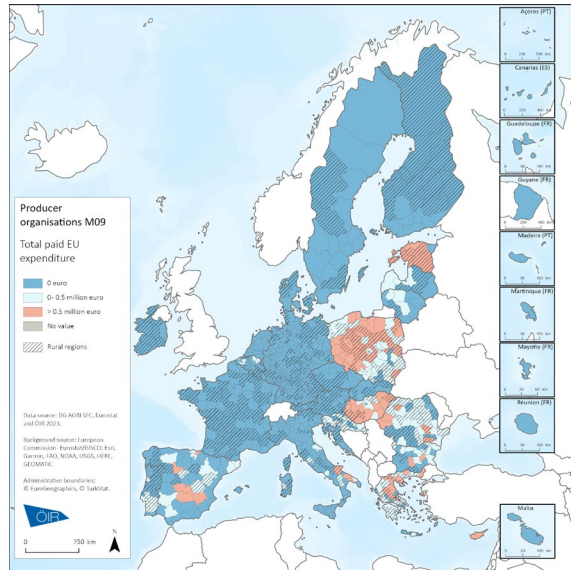
The EAFRD also provides significant support via M03 quality schemes and M09 producer organisations to foster economic development and value added in the primary sector. Expenditure at NUTS3 level per region is shown for M03 in Map 25 and for M09 in Map 26.

- A total of EUR 213 m of EU funding were spent via M03 quality schemes between 2014 and 2022. EU expenditure (2014-2022) of M03 was concentrated in rural and intermediate regions, accounting for 38%, each, of the total EUR 213 m or approx. EUR 81 m. Urban regions received around 24% of the total funding, amounting to EUR 50 m.
- Total EU expenditure for M09 producer organisations amounted to EUR 179 m between 2014 and 2022. Expenditure comparatively focussed on rural regions, with 55% or EUR 100 m of the total EUR 178 m spent in 2014-2022 received by beneficiaries in rural regions. Of the remainder, 37% or EUR 65 m were disbursed in intermediate regions and 8% or EUR 14.5 m in urban regions.

Map 25: Total EU expenditure M03 (2014-2022)



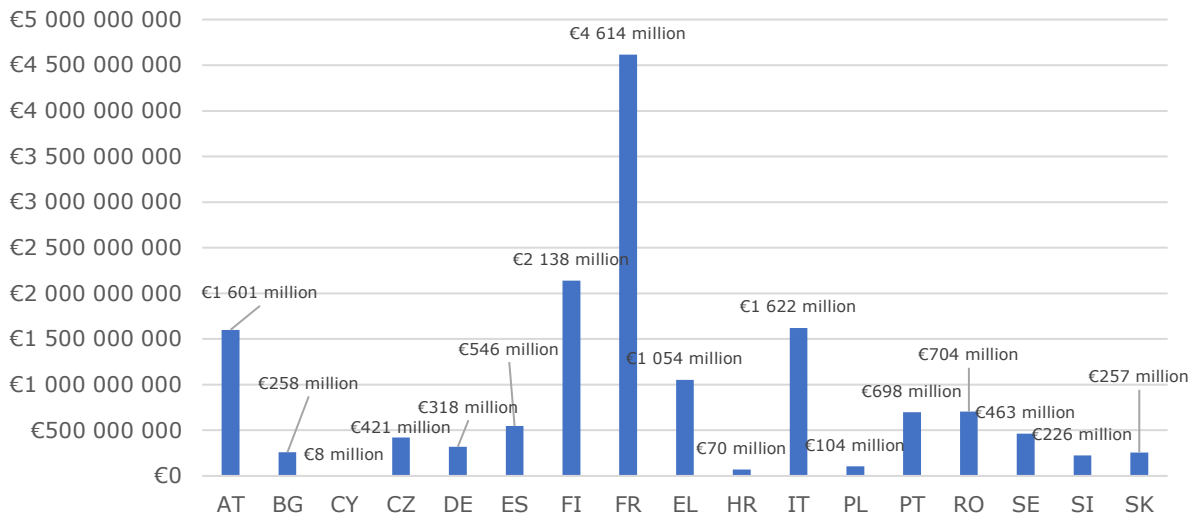
Map 26: Total EU expenditure M09 (2014-2022)



Source: Project team, 2024, based on DG AGRI and Eurostat.

Support to farms in mountainous areas is granted via M13.1 principally in France, Finland, Austria and Italy (Figure 37). The purpose of the sub-measure is to compensate for additional costs, loss of income and challenges associated with agricultural activities in areas with natural limitations, in mountainous areas. Total paid public expenditure between 2014 and 2021 amounted to EUR 15 bn.

Figure 37: Total public (EU and national) expenditure (2014-2021) for M13.1



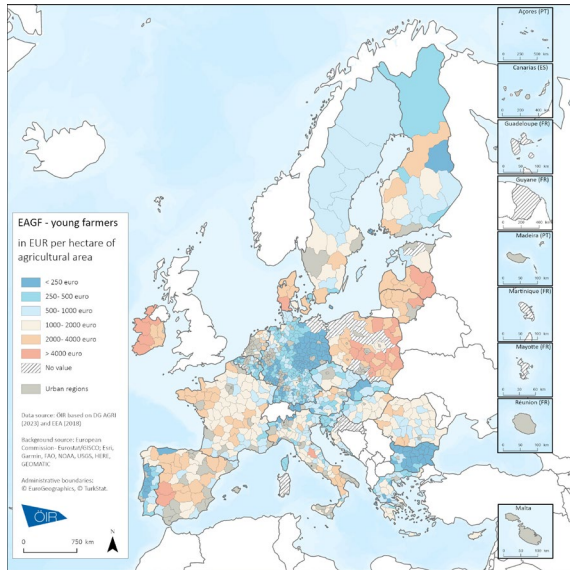
Source: Project team, 2024, based on DG AGRI; Note: for this sub-measure only total public expenditure (EU and national) is available for the timeframe 2014 to 2021.

European Agricultural Guarantee Fund

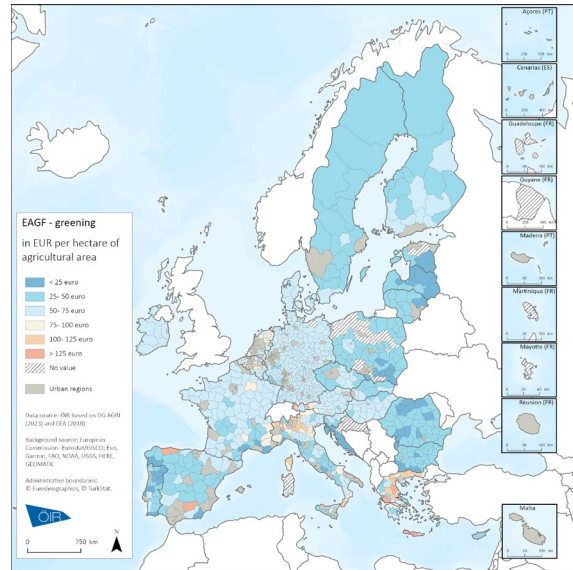
The EAGF also provides support relevant to the LTVRA, in particular the greening (resilient rural areas) and young farmers payments (prosperous rural areas). The project team mapped the expenditure (annual average payments 2014-2021) per hectare of agricultural area²⁷ for greening payments (Map 27) and young farmers payments (Map 28).

²⁷ As available via the Corine Land Cover for 2018 from the European Environmental Agency (EEA).

Map 27: EAGF-greening payments expenditure per hectare (2014-2021)



Map 28: EAGF-young farmers expenditure per hectare (2014-2021)



Source: Project team, 2024, based on European Commission SFC extracts (EAGF).

7.3 Cohesion policy and EMFF funding for rural areas in the 2014-2020 period

This section describes the territorial characteristics of EMFF and Cohesion Policy funding in the 2014-2020 period, with a specific focus on rural regions.

7.3.1 Cohesion policy at EU level

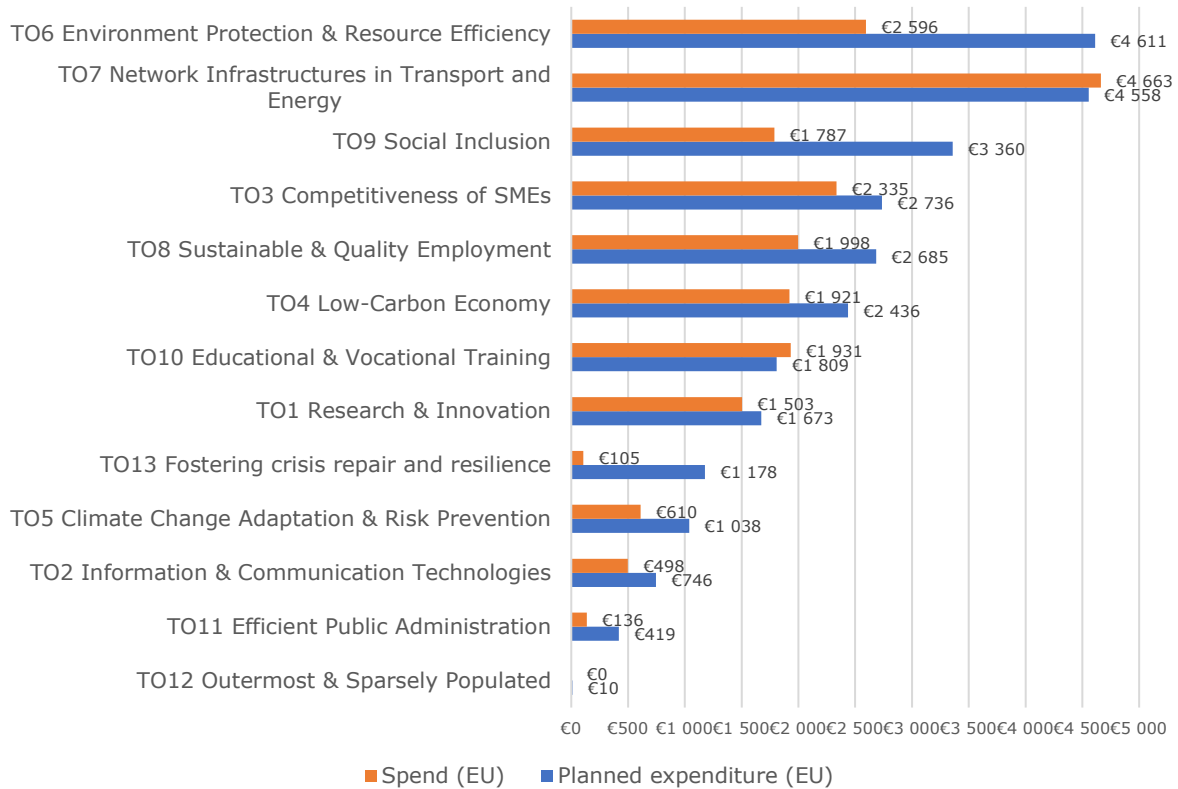
The European funds of the cohesion policy (ERDF, ESF and CF) also participate in the development of EU rural areas. As shown in Figure 38, all 11 thematic objectives (TO) from the ESIF Regulation (EU) 1303/2013 as well as thematic objective 12 (outermost and sparsely populated regions) and REACT-EU funds (TO13), allocated funds to rural regions²⁸. A total of approx. EUR 35.1 bn of cohesion policy EU funding was committed to rural regions between 2014 and 2021, with EUR 27.4 bn paid out.

Across all funds of the cohesion policy, the TOs most contributing to rural areas' development are TO7 focusing on network infrastructure, and TO6, tackling environmental issues. TO7 ranks first in terms of spent funds with over EUR 4.6 bn already consumed in transport and energy infrastructure for rural areas²⁹. TO6 on Environment protection and resource efficiency follows closely with over EUR 4.6 bn planned expenditures. Projects funded under TO7 provide rural areas with for example new transport fleets, the renovation of train stations or cross-border bicycle trails. TO6 finances projects in rural areas supporting for example, tourism, restauration of buildings and natural habitats but also more eco-friendly production processes. The TO in third place in terms of planned expenditures is TO9 social inclusion with EUR 3.3 bn. This finances project such as accommodating buildings or services to people with disabilities, cross-border cooperation to address medical-waste land, tackling demographical change etc. Projects financing broadband access in rural areas under TO2 are at the bottom of the ranking with EUR 746 000 planned expenditure. The two other TOs contributing rather little to rural areas are TO11 (efficient public administration) and TO12 (outermost and sparsely populated regions).

²⁸ According to the cohesion data website of the European Union, rural areas are gathered under the code 03, which is aligned on Eurostat's definition of rural areas, i.e. more than 50% of the population lives in rural grid cells (DG REGIO, 2019)

²⁹ This TO does not comprise the projects financed under the CEF and the TEN-T Programme.

Figure 38: Cohesion policy 2014-2020 (ERDF, ESF, CF) expenditure in rural regions (in MEUR; planned and paid out between 2014-2021) by TO

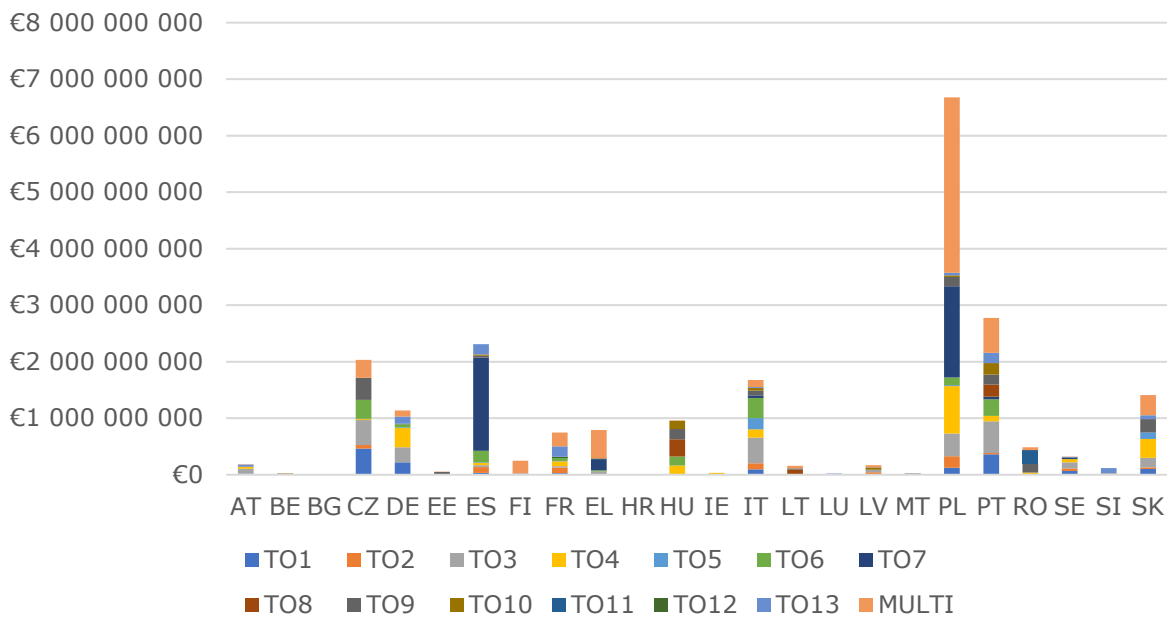


Source: Project team, 2024, based on Cohesion Data; Note the definition of rural region corresponds to the territorial dimension code 03.

7.3.2 European regional development fund

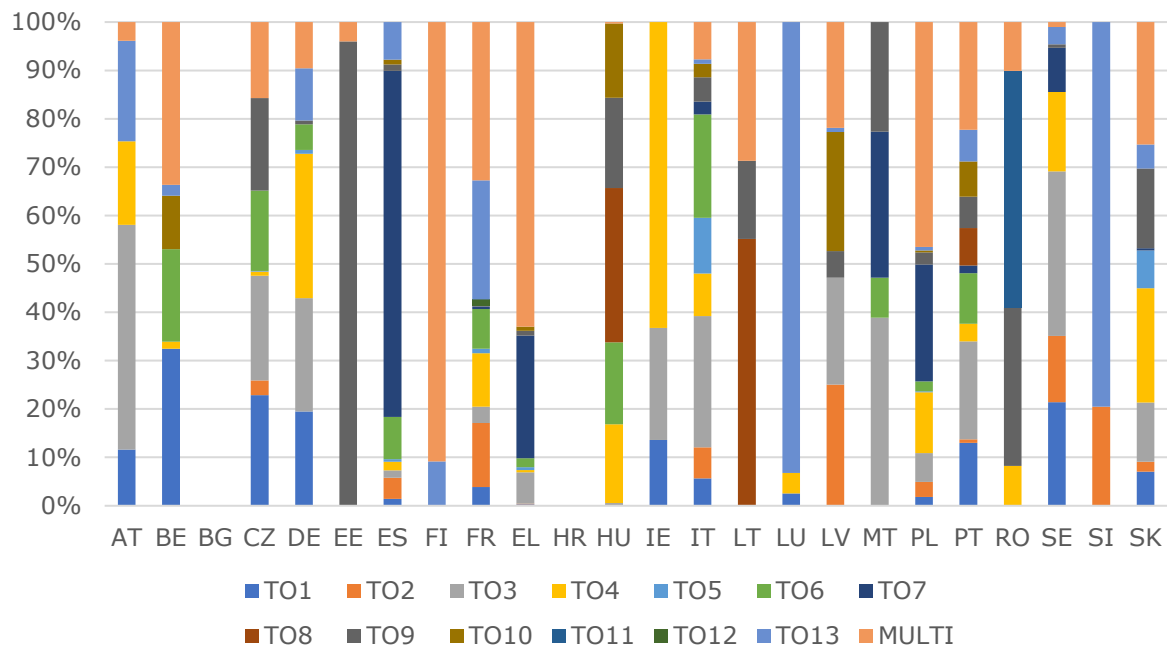
The following two figures (Figure 39 and Figure 40) provide information on the ERDF planned expenditure in rural areas, per TO and per Member State (in absolute number and relative share). Disregarding the amount linked to multiple TOs, the largest share of ERDF support for rural is linked to TO7 – Promoting sustainable transport and removing bottlenecks in key network infrastructures. Planned expenditure for TO7 is particularly high in Spain and Poland. TO3 is the second most important TO earmarking support for rural areas, particularly in Portugal, Poland and Italy. Planned expenditure linked to TO4 – Supporting the shift towards a low-carbon economy – is also substantial, especially in Poland and Germany.

Figure 39: Planned expenditure (EU, 2014-2021) in rural regions, ERDF by MS and TO



Source: Project team, 2024, based on Cohesion Data.

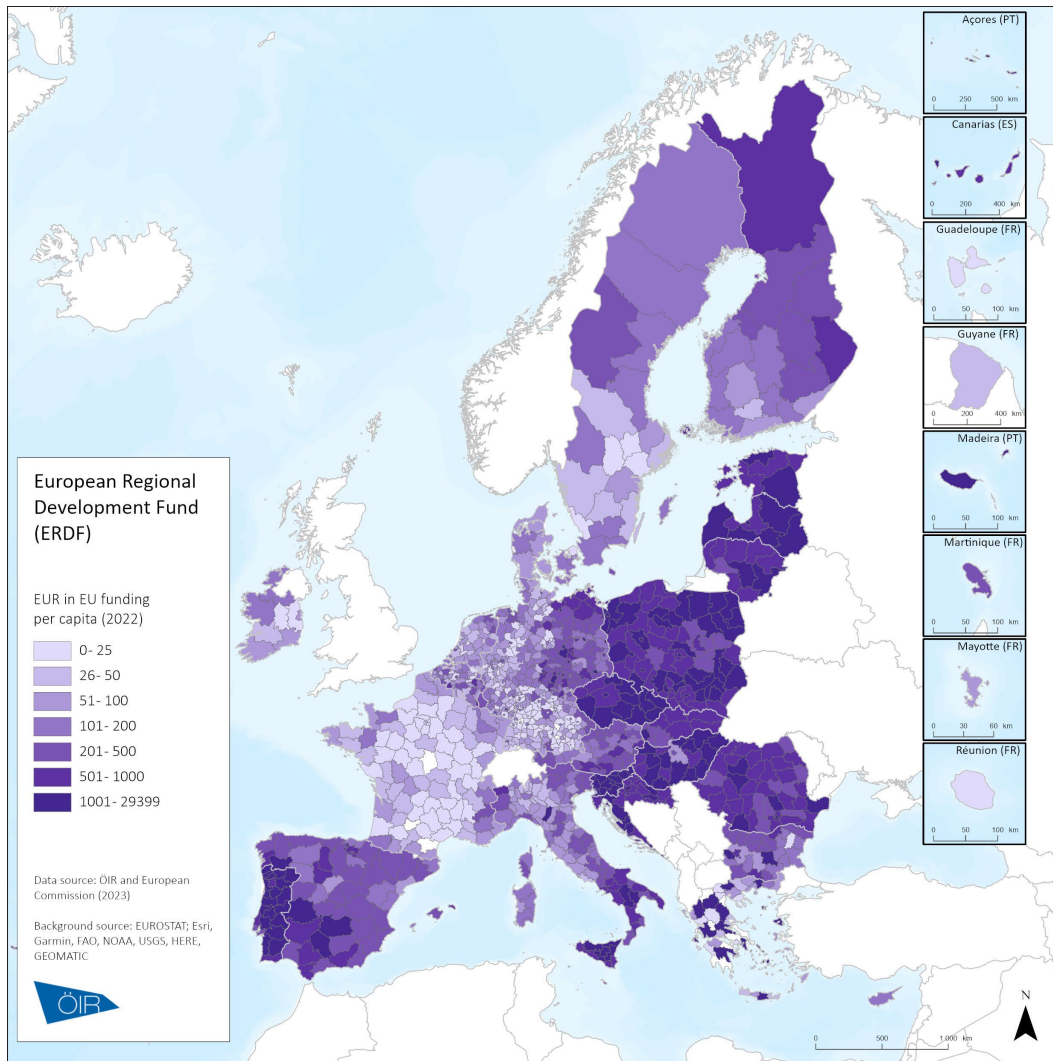
Figure 40: Planned expenditure (EU, 2014-2021) in rural regions, ERDF by MS and TO, relative distribution



Source: Project team, 2024, based on Cohesion Data.

While certain overarching patterns can be observed, such as generally lower funding intensities in more urban regions in western Europe than in more eastern Europe, the distribution of funding intensities remains relatively heterogeneous. Funding intensities of ERDF support at NUTS3 level are comparatively higher in regions in Portugal, the three Baltic countries, Poland, Czechia, Hungary, Slovenia, Croatia and Romania. The intensity of funding is lower in western European countries such as Ireland, France, Belgium, the Netherlands and Denmark.

Map 29: ERDF 2014-2020 funding intensity (total EU funding in EUR per capita)



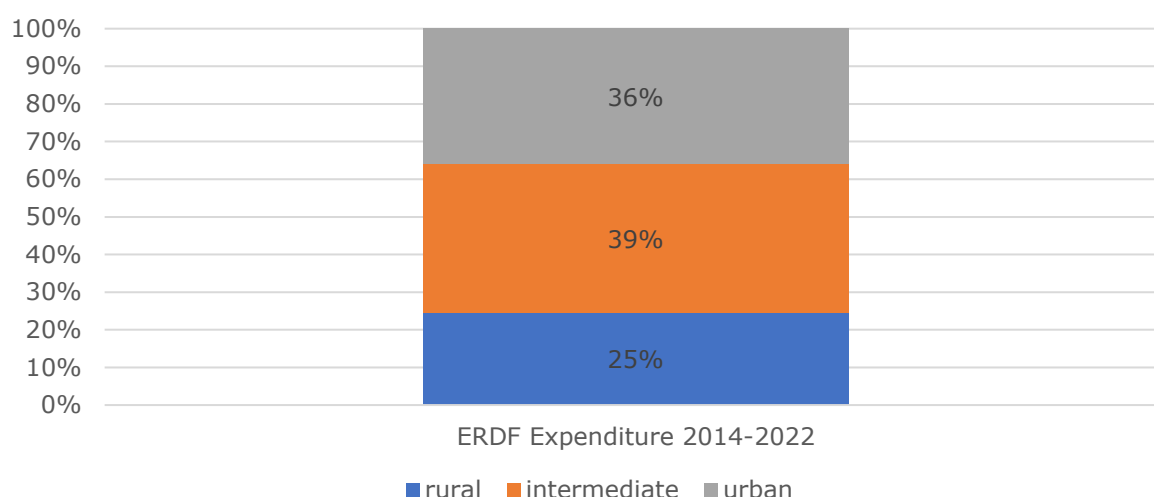
Source: Project team, 2024, based on European Commission Kohesio database, Note: based project implemented between 2014-2022; please see section 3.7 for specific caveats tied to Kohesio data.

These patterns can be explained by the funding allocation of cohesion policy which is tied to the state of economic development of the region. Assessing the territorial funding data:

- Rural regions belonging to the type “less developed regions” (GDP per capita below 75% of EU-27 average) have an average ERDF EU funding of EUR 1 160 per inhabitant;
- Rural regions part of the “transition region” type (GDP per capita between 75% and 100% of EU-27 average) have an average ERDF EU funding of EUR 490 per inhabitant;
- Rural regions belonging to the type “more developed regions” (GDP per capita above 100% of EU-27 average) have an ERDF EU funding rate of EUR 190.

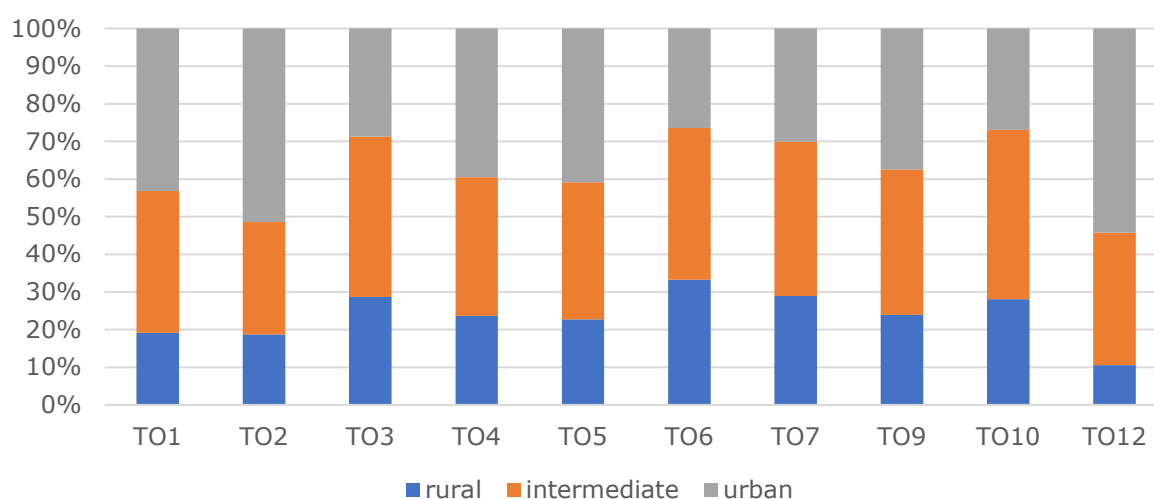
Figure 41 further specifies the allocation of ERDF expenditure by type of region (for the period 2014-2020). Rural areas benefit from 25% of the total ERDF funding, but most ERDF expenditure is supporting intermediate regions (39%) and urban regions (36%).

Figure 41: ERDF 2014-2020 expenditure relative split by type of region



Source: Project team, 2024, based on European Commission Kohesio database; Note: based project implemented between 2014-2022; please see section 3.7 for specific caveats tied to Kohesio data.

Figure 42: Relative expenditure per ERDF 2014-2020 TO by type of region



Source: Project team, 2024, based on European Commission Kohesio database. Note: TO8 and TO11 have been discarded due to very low funding; data based project implemented between 2014-2022; please see section 3.7 for specific caveats tied to Kohesio data.

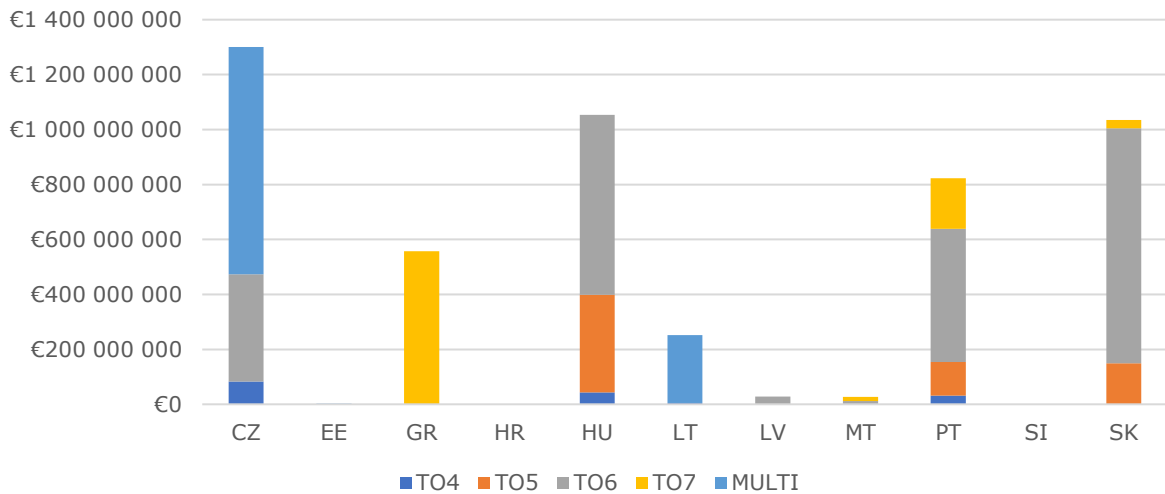
Figure 42 illustrates the relative funding split per TO and type of region. The shares of ERDF expenditure earmarked to rural areas are not substantially different per TO. The highest relative shares targeting rural areas are linked to TO6 (preserving and protecting the environment), followed by TO3 (enhancing competitiveness of SMEs) and TO7 (promoting sustainable transport).

7.3.3 Cohesion fund

For the period 2014-2020, the Cohesion Fund addressed economic and social disparities in 15 Member States: Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

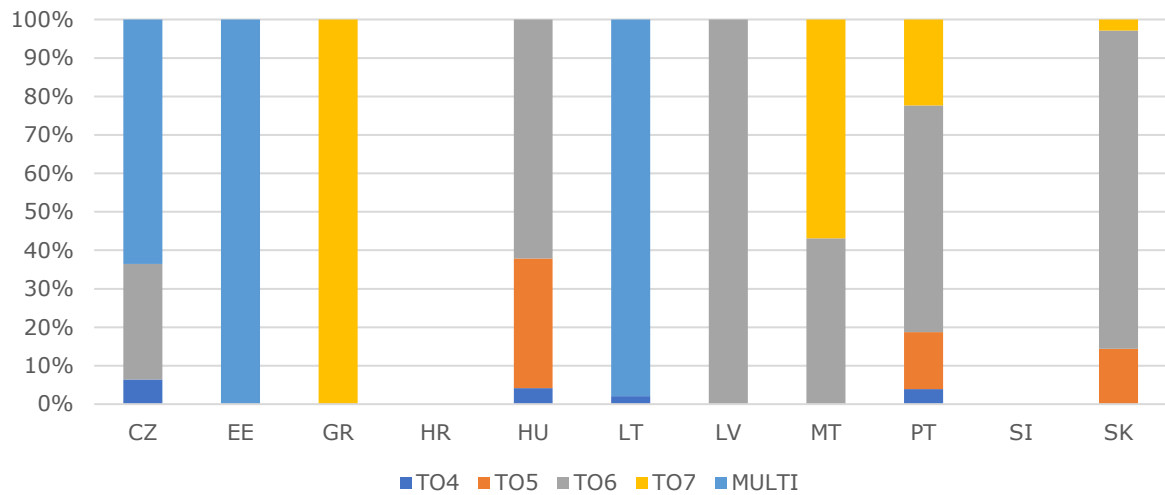
Cohesion Fund support for rural areas is mostly undertaken in relation to TO6 – preserving and protecting the environment and promoting resource efficiency. Czechia is the Member State most prominently using this fund to finance the development of rural areas (over EUR 1.2 bn), followed by Hungary and Slovakia (over EUR 1 bn). Croatia and Slovenia are the only MS not financing rural areas via this fund, and Estonia uses it very little.

Figure 43: Planned expenditure (EU, 2014-2020) in rural areas, CF by MS and TO



Source: Project team, 2024, based on Cohesion Data; Note the definition of rural region corresponds to the territorial dimension code 03.

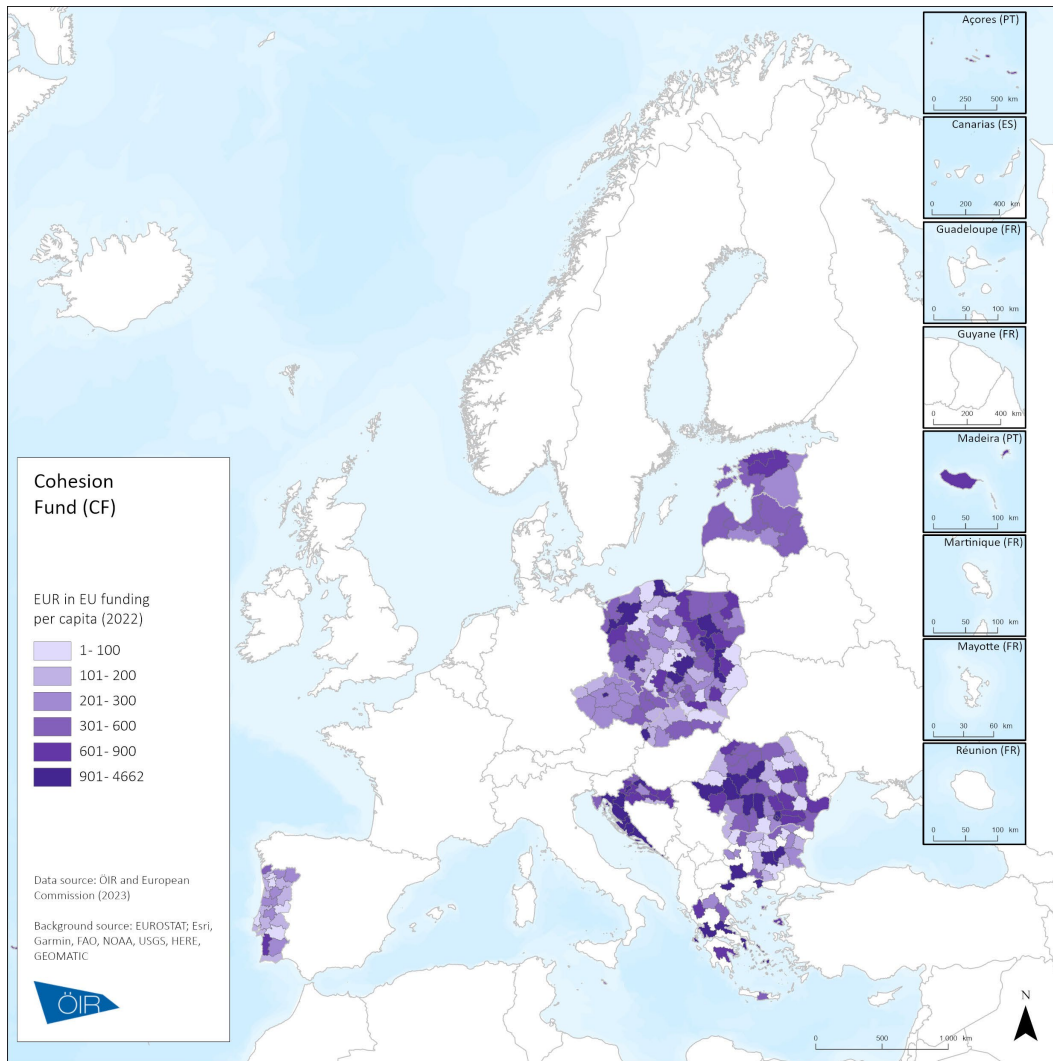
Figure 44: Planned expenditure (EU, 2014-2020) in rural areas, CF by MS and TO



Source: Project team, 2024, based on Cohesion Data; Note the definition of rural region corresponds to the territorial dimension code 03.

The funding intensity for 2014-2022 is presented in Map 30. As can be observed, this varies strongly across the Member States with CF funding, likely due to the relatively larger operations supported. The heterogeneities are particularly visible in Poland and Romania.

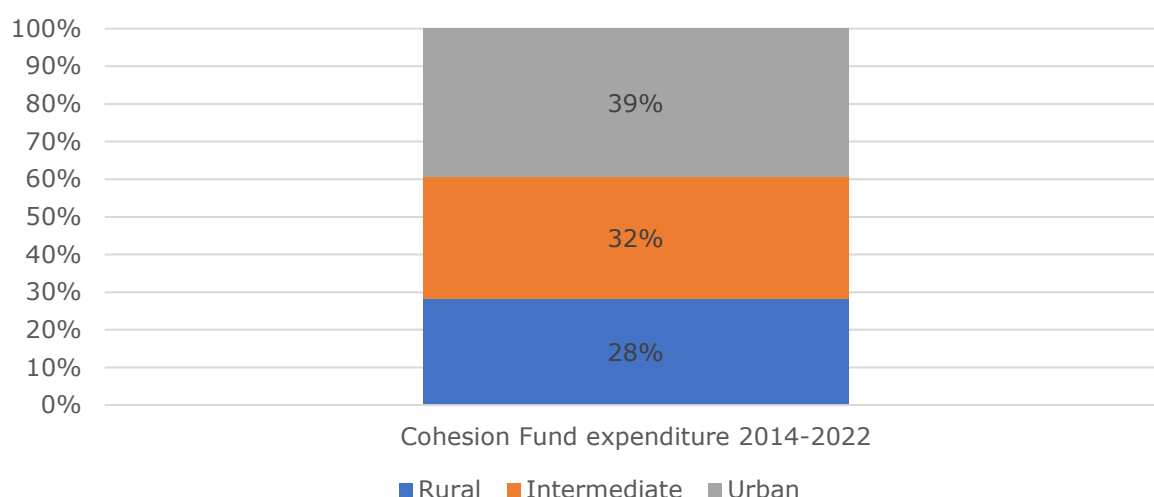
Map 30: Cohesion Fund 2014-2020 funding intensity (funding in EUR per capita)



Source: Project team, 2024, based on European Commission Kohesio database; Note: based project implemented between 2014-2022; please see section 3.7 for specific caveats tied to Kohesio data.

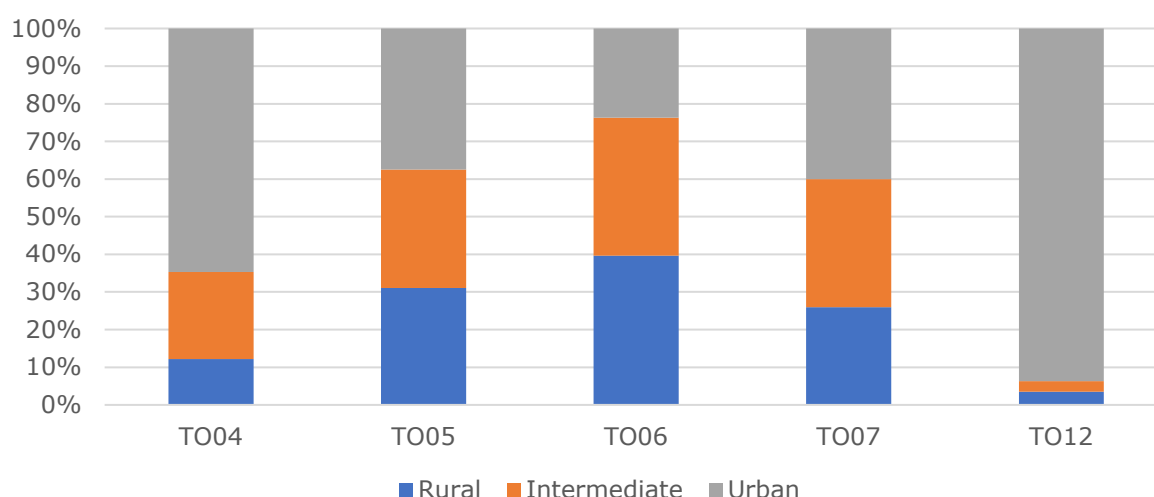
In the targeted countries, CF expenditure is relatively equally benefitting rural, urban and intermediate regions, rural areas receiving 28% of the CF expenditure for the period 2014-2020 (Figure 45). Among CF investments, support under TO5 and TO6 is relatively more prominent in rural regions, accounting for between 30 and 40% of their funding. On the other hand, support to outermost or lowly populated areas under TO12, as well as support under TO4 low carbon economy, is mostly targeted at non-rural regions.

Figure 45: CF2014-2020 expenditure by type of region



Source: Project team, 2024, based on European Commission Kohesio database; Note: based project implemented between 2014-2022; please see section 3.7 for specific caveats tied to Kohesio data.

Figure 46: Relative expenditure per CF 2014-2020 TO by type of region



Source: Project team, 2024, based on European Commission Kohesio database; Note: based project implemented between 2014-2022; please see section 3.7 for specific caveats tied to Kohesio data.

7.3.4 European social fund

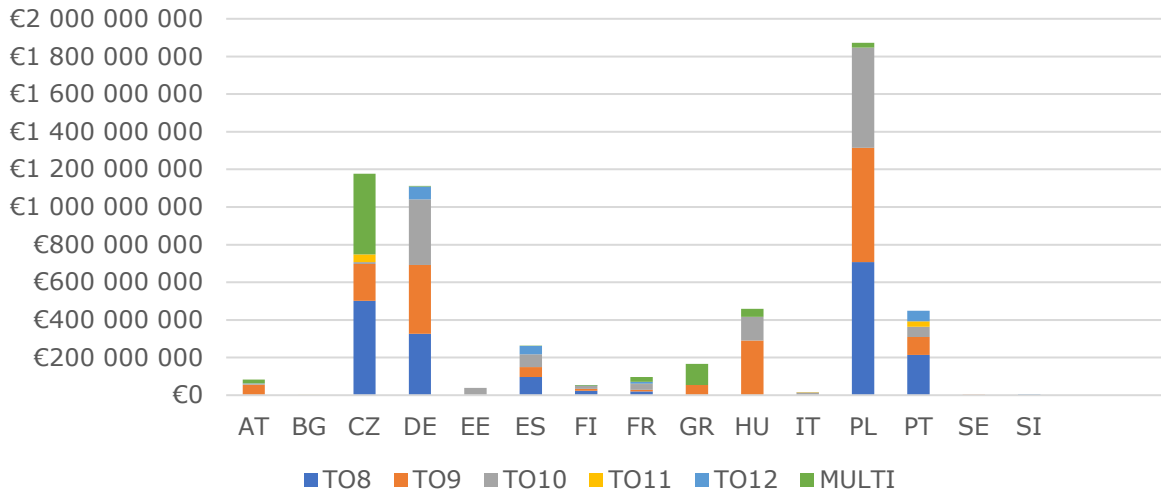
The ESF planned expenditure for rural areas during the 2014-2021 period (see Figure 47) is highest in Poland (over EUR 1.8 bn), followed by Czechia (slightly under EUR 1.2 bn) and Germany (around EUR 1.1 bn). This trio of Member States supporting rural areas via the ESF leave the other EU MS far behind: the fourth MS in ranking, Hungary, barely reaches over EUR 400 m planned expenditure. Some Member States make almost no use of the ESF to support their rural areas such as Bulgaria, Sweden and Slovenia, and 12 of the 27 Member States do not use ESF explicitly to support rural development.

Figure 48 demonstrates that MS tend to have each specific approaches in their choice of TO supporting social projects in rural areas. Overall, TO9 (Social inclusion) appears to be most often used to channel the ESF towards rural areas (12 out of 15 the MS using ESF), although in different intensities (from under 10% up to 100%). In terms of absolute amount however, TO8 (Sustainable and quality employment) is the one channelling the largest amount of ESF towards rural areas (over EUR 1.8 bn). Other important TOs in terms of absolute amount are TO9 (over EUR 1.7 bn) and TO10 (Educational and vocational training, over EUR 1.2 bn). Bulgaria, Estonia, Sweden and Slovenia plan their

ESF expenditures towards rural areas through unique TOs, respectively: TO11 (Efficient public administration), TO10 (Educational and vocational training), TO9 (Social inclusion) and TO12 (Outermost and sparsely populated).

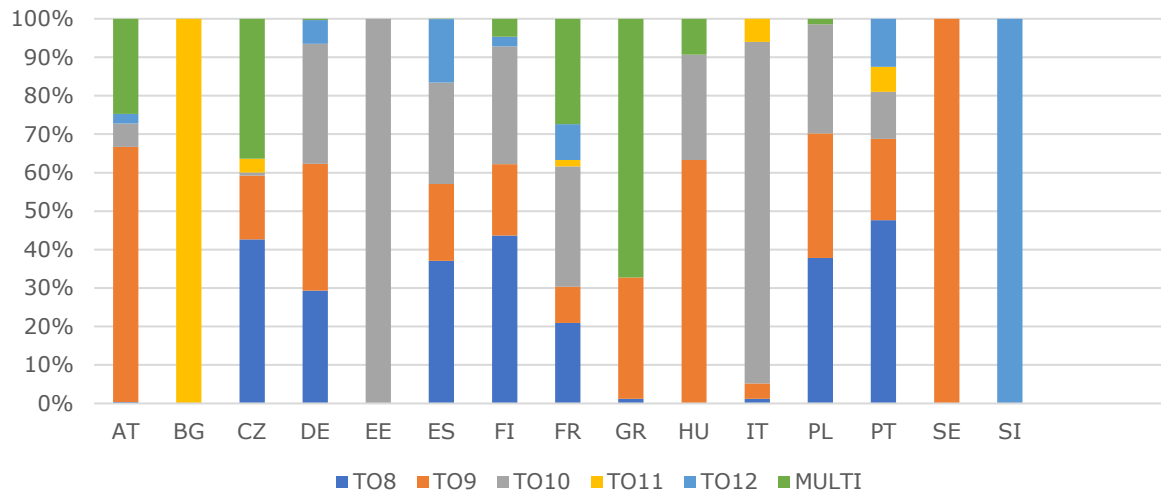
Interestingly, no direct use of ESF in TO 1, 2, 3 and 4 were made by the Member States, according to the planned expenditures recorded in the Cohesion Data.

Figure 47: Planned expenditure (EU, 2014-2020) in rural areas, ESF by MS and TO



Source: Project team, 2024, based on Cohesion Data; Note the definition of rural region corresponds to the territorial dimension code 03.

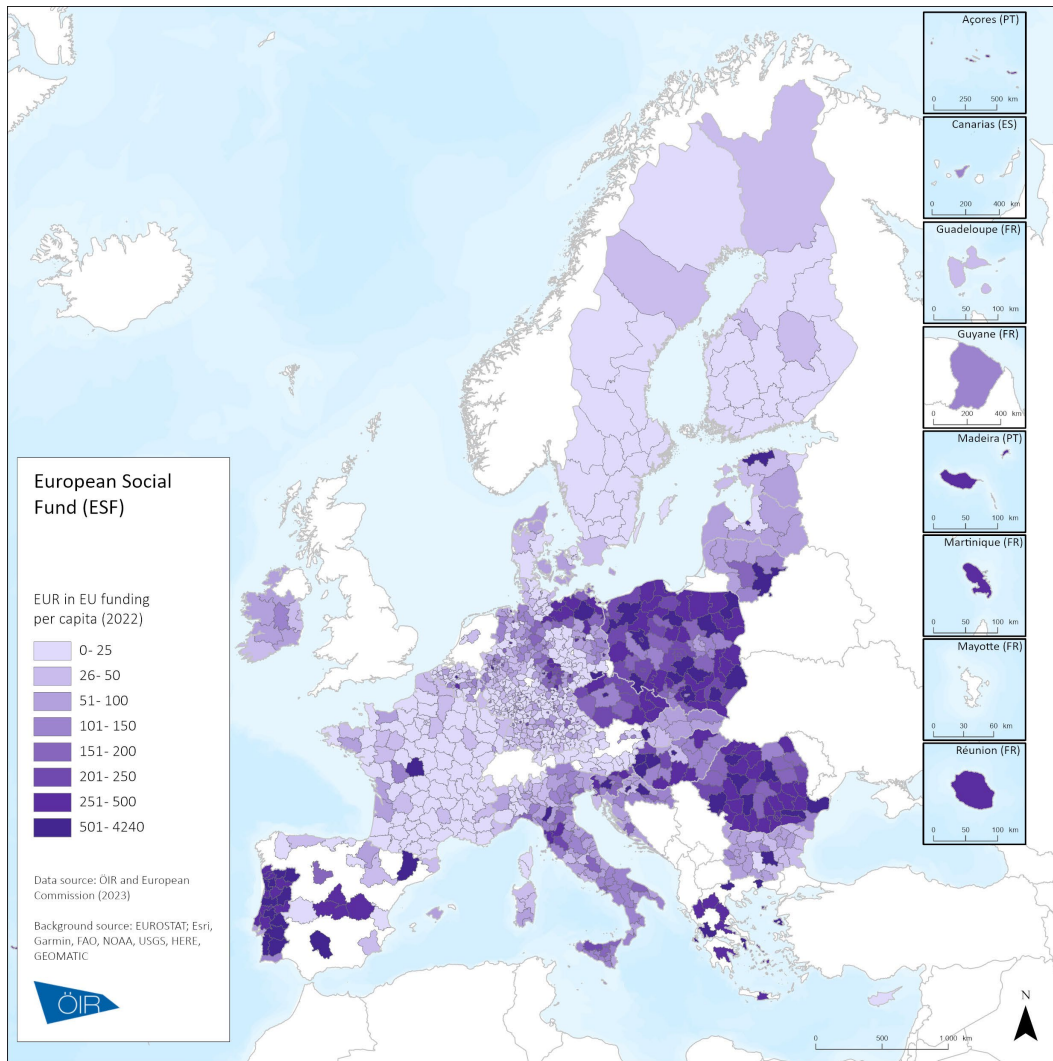
Figure 48: Planned expenditure (EU, 2014-2020) in rural areas, ESF by MS and TO, relative distribution



Source: Project team, 2024, based on Cohesion Data; Note the definition of rural region corresponds to the territorial dimension code 03.

The funding intensity of ESF covering EU expenditure between 2014-2022 is illustrated in Map 31. ESF funding is concentrated on urban or more urbanised regions. ESF funding intensity is particularly high in regions of Portugal as well as in eastern Europe, notably in Poland, Czechia, and Romania. For the outermost regions, Madeira (PT), Martinique (FR) and Reunion (FR) also feature relatively high funding intensity. Funding intensity in other Member States is much lower apart from some regions in Spain, Greece and Lithuania.

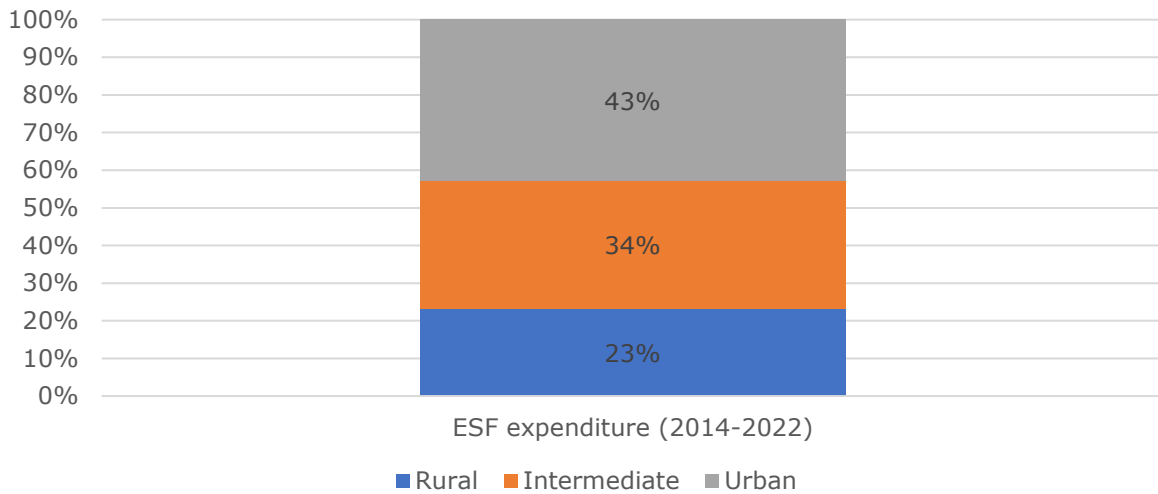
Map 31: ESF 2014-2020 funding intensity (funding in EUR per capita)



Source: Project team, 2024, based on European Commission Kohesio database; Note: some regional data gaps persist as not all projects listed in Kohesio contained geographic identifiers. This applies primarily to regions in NL, EL, ES, as well as AT, which results in underreporting for regions. Data based on projects implemented between 2014-2022; please see section 3.7 for specific caveats tied to Kohesio data.

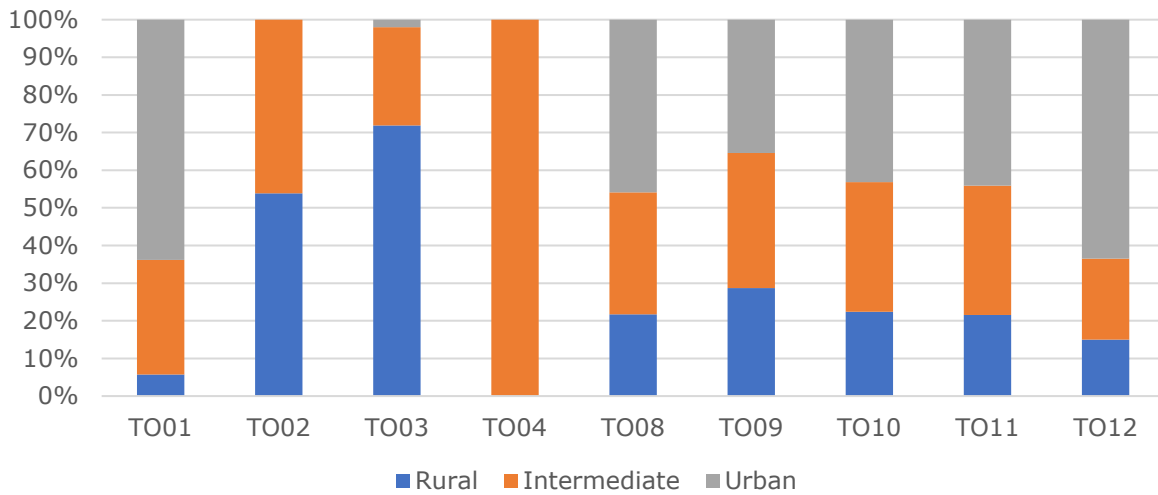
Approximately 20% of ESF funding was targeted at rural areas during the 2014-2020 period (see Figure 49). As depicted in Figure 50, this funding is mostly channelled via TO3 (Competitiveness of SMEs) with over 70% of the ESF funding in this TO going to EU rural regions. Only 15% of TO12 (Outermost and sparsely populated) goes to rural regions. The second ESF TO mostly profiting rural areas, in relative amount, is TO2 (Information & Communication Technologies) contributing over 50%. The remaining TOs contribute relatively less to rural areas compared to other types of regions with 5% – 28% of their total amount going to rural areas.

Figure 49: ESF expenditure 2014-2020 by type of region



Source: Project team, 2024, based on European Commission Kohesio database; Note: data based on projects implemented between 2014-2022; please see section 3.7 for specific caveats tied to Kohesio data.

Figure 50: Relative expenditure per ESF TO by type of region

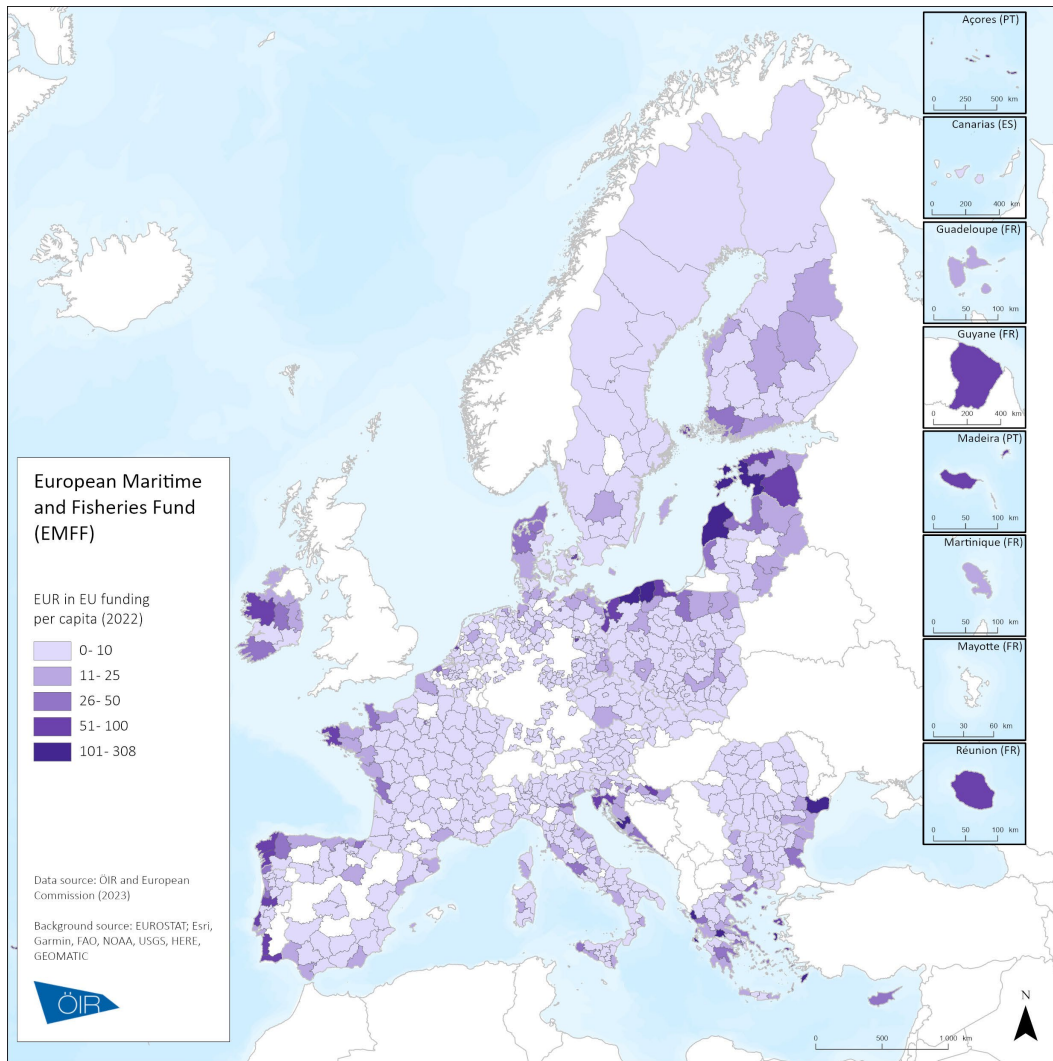


Source: Project team, 2024, based on European Commission Kohesio database; Note: some regional data gaps persist as not all projects listed in Kohesio contained geographic identifiers. This applies primarily to regions in NL, EL, ES, as well as AT, which results in underreporting for regions. Data based on projects implemented between 2014-2022; please see section 3.7 for specific caveats tied to Kohesio data.

7.3.5 European maritime and fisheries fund

The funding intensities of the EMFF 2014-2020 are illustrated in Map 32. The EMFF principally supports coastal regions, notably in Portugal, Spain, Ireland and France (including the outermost regions), Poland and the Baltic states. Due to funding concentration on more coastal regions and localised investments into inland fisheries or aquaculture and related businesses, funding remains relatively low in most other regions.

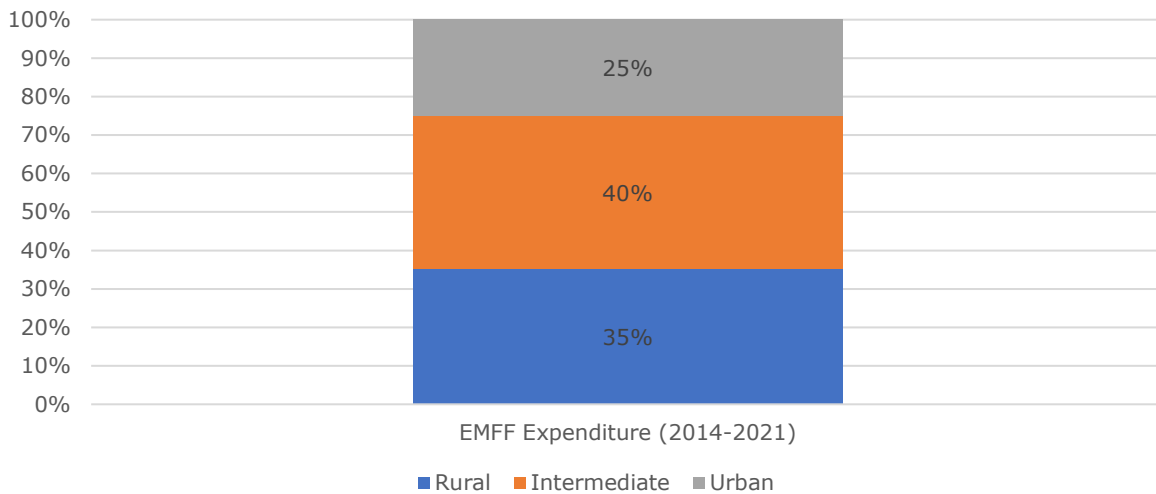
Map 32: EMFF funding intensity 2014-2020 (funding in EUR per capita)



Source: Project team, 2024, based on European Commission SFC extracts (EMFF).

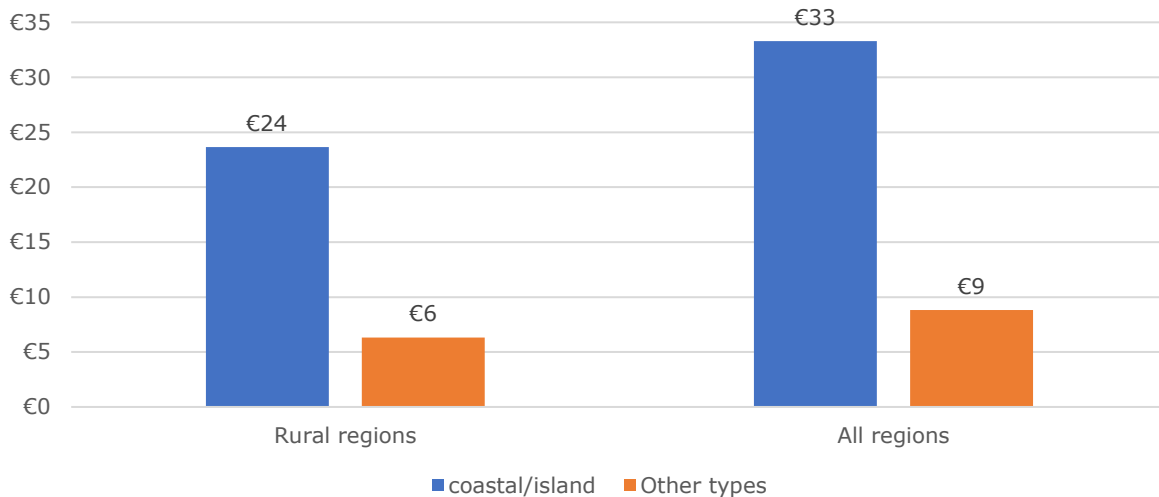
Approximately 35% of EMFF expenditure between 2014-2021 was spent in rural regions in the EU-27 (see Figure 51). As shown in Figure 52 and in accordance with the scope of the EMFF, coastal and island regions within rural regions are the ones most benefiting from EMFF projects with around EUR 24 per capita going towards them, vs only EUR 6 in non-coastal or island regions. This is however slightly less than the EU average EMFF expenditure per capita for both coastal and island regions and non-coastal and island regions (respectively EUR 33 and EUR 9).

Figure 51: EMFF EU expenditure (2014-2020), by type of region



Source: Project team, 2024, based on European Commission SFC extracts (EMFF).

Figure 52: EMFF EU expenditure (2014-2020), per capita by type of region



Source: Project team, 2024, based on European Commission SFC extracts (EMFF).

7.4 Recovery and Resilience Facility and the European Union Recovery Instrument

The **recovery and resilience facility** (RRF) is a temporary instrument supporting reforms and investments to strengthen the resilience of EU Member States in the wake of the COVID-19 pandemic. Most of the funding is provided through grants (EUR 310 bn in constant prices) and loans (EUR 250 bn in constant prices). RRF funding is directly disbursed (payments are made between 2023 and 2026) to Member States based on implementation progress with their national recovery and resilience plans (NRRPs). Member States could transfer up to 12.5% of their initial EAFRD allocation (as of 2023) to the RRF to support reforms and investments under the RePowerEU chapter (whose objective is to diversify energy supplies and reduce dependence on fossil fuels).

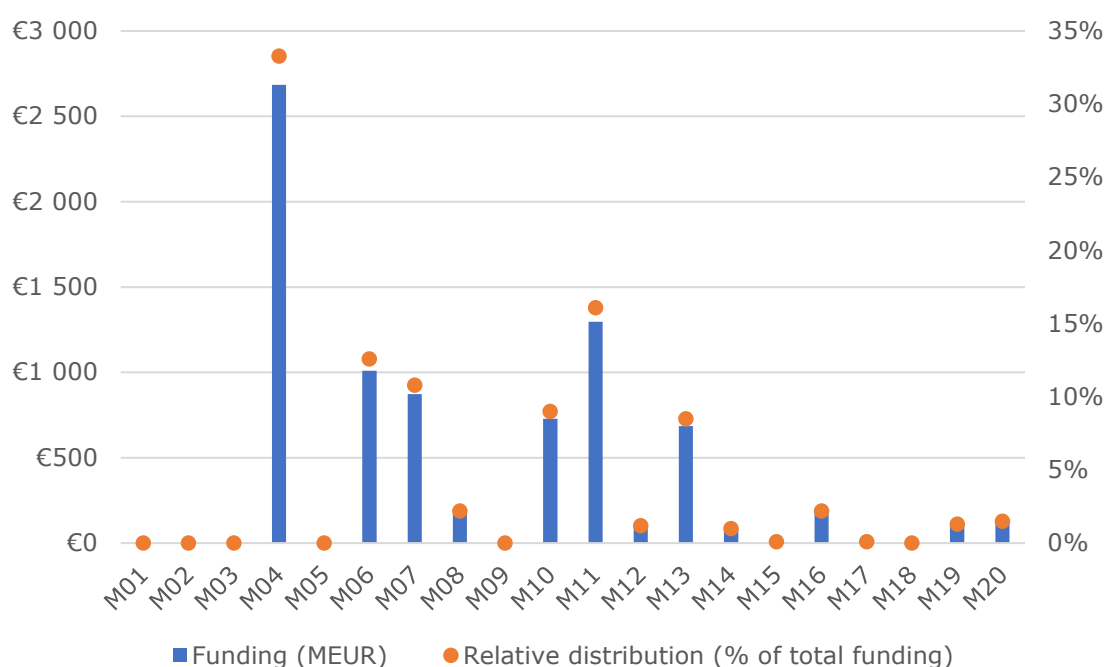
NRRPs expressly address the challenges and should take stock of the benefits linked to green and digital transitions via the implementation of measures contributing to climate

and digital objectives, in line with the RRF's policy foci. The RRF regulation sets out six policy areas of European relevance, structured in six pillars:

- Green transition (51.10% of RRF funding³⁰);
- Digital transition (28.25% of RRF funding);
- Smart, sustainable and inclusive growth (47.2%);
- Social and territorial cohesion (44.54%);
- Health, and economic, social and institutional resilience (17.5%);
- Policies for the next generations (11.31%).

Under the social and territorial cohesion pillar, measures aim at fighting poverty and tackling unemployment. Supported actions should contribute to improving social and territorial infrastructure and services, including social protection and welfare systems, the inclusion of disadvantaged groups, employment and skills development, and lead to the creation of high-quality and stable jobs. Of particular relevance, one specific policy area of this pillar supports the development of rural and remote areas (7% of this pillar's expenditure is allocated to this policy area, amounting to 3.5% of total RRF).

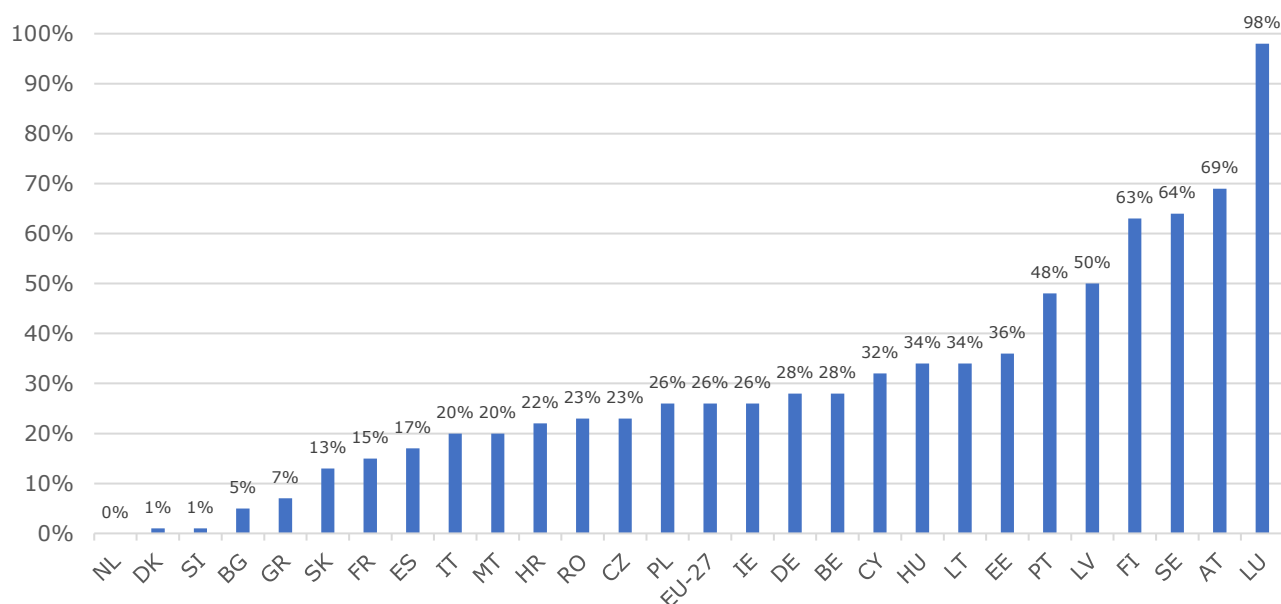
Figure 53: EURI funding implemented via RDPs 2021-2022 (allocated) in MEUR



Source: Project team 2023 based on COM(2022) 447 final.

In the aftermath of the Covid-19 crisis, the European Commission established a **European Union recovery instrument**, called next generation EU (EURI-NGEU) to help repair the economic and social damage caused by the pandemic and complement the multiannual financial framework. Additional resources from the EURI were allocated for rural development and market-related expenditure as well as direct payments (in 2021 and 2022). The aim was to mitigate the impacts of the pandemic on the agricultural sector and rural areas (European Commission, 2022). Figure 53 presents the funding allocation from EURI to rural development programmes (by EAFRD measure) and its share of total declared expenditure for the respective measures. Figure 54 also provides information regarding the absorption rate of the EURI payments.

³⁰ Each measure contributes towards two of the six policy pillars, therefore the total contribution to all pillars amounts to 200% of the RRF funds allocated to Member States.

Figure 54: Absorption rate of EURI 2021-2022 by Member State in 2022

Source: Project team 2023 based on COM(2022) 447 final.

With 98%, Luxembourg has almost entirely used its EURI allocation. Austria ranks second with 69%, followed by Sweden with 64%.

7.5 Cohesion policy funds and the EMFAF after 2020

Considerable changes have been introduced for cohesion policy funds in the 2021-2027 period, including changes to categorisation systems and most notably the territorial dimension. The following overview is based on the “2021-2027 Finances details (categorisation, multi funds)” dataset published on cohesion data³¹.

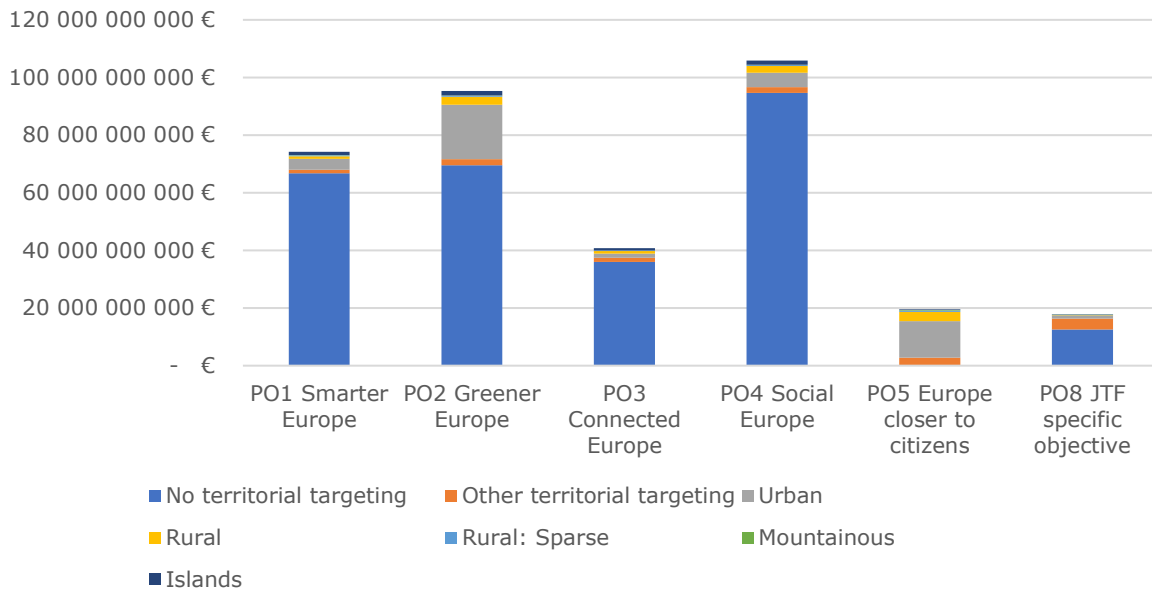
Dimension 3: Territorial delivery mechanisms and territorial focus specify the amount of funding planned for the various types of territories. The following section gives an overview of the amount of funding planned for rural areas, which comprise – in line with the dataset’s definitions – the following codes:

- 04 ITI: Rural areas;
- 07 ITI: Sparsely populated areas;
- 12 CLLD: Rural areas;
- 15 CLLD: Sparsely populated areas;
- 20 Other territorial: Rural areas;
- 23 Other territorial: Sparsely populated areas;
- 28 Other approaches: Rural areas;
- 31 Other approaches: Sparsely populated areas.

For all policy objectives in the 2021-2027 period, funding for rural areas will be implemented as in Figure 55, with rural areas (codes 04, 12, 20 and 28) significantly outweighing sparsely populated areas (codes 07, 15, 23 and 31). For Estonia, Greece, Finland, Italy, Portugal and Sweden, these patterns are reversed and funding for sparsely populated areas outweighs funding for rural areas. Thematically, the greatest emphasis of funding in rural areas through cohesion policy is placed on PO5 “Europe closer to citizens” followed by PO2 Greener Europe and PO4 Social Europe, all of which exceed EUR 2.5 bn in planned funding. With just over EUR 1 bn in planned funding, both PO1 Smarter Europe and PO3 Connected Europe are less targeted.

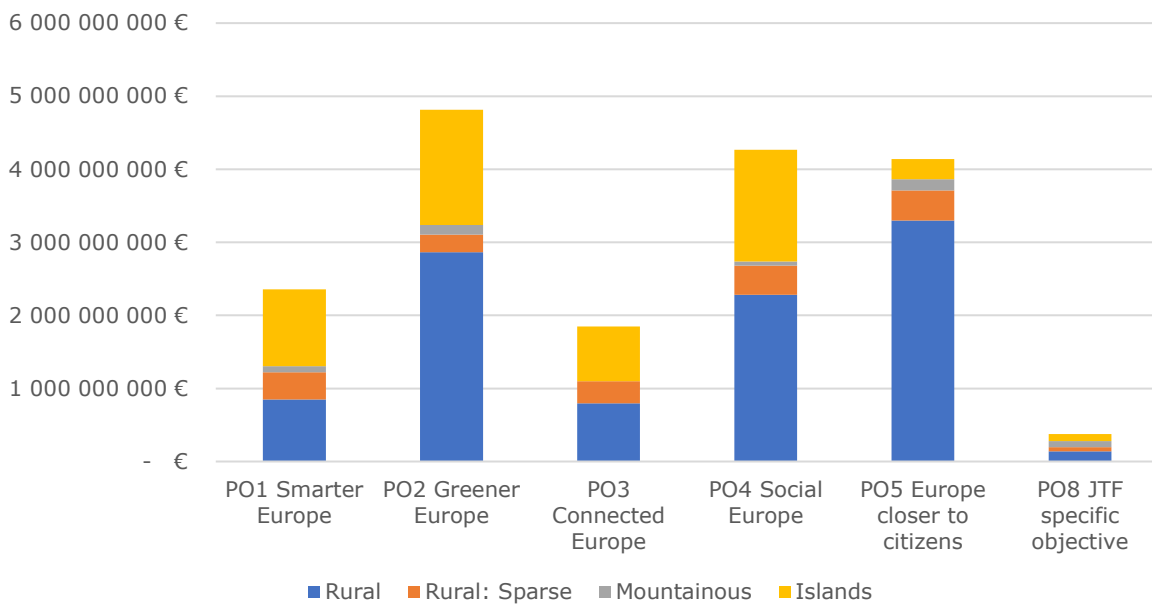
³¹ [2021-2027 Finances details \(categorisation, multi funds\) | Data | European Structural and Investment Funds \(europa.eu\)](#).

Figure 55: Planned ERDF, CF, ESF+, JTF, and EMFAF expenditure by category of region, 2021-2027 by territorial code and PO



Source: Project team, 2024, based on Cohesion Data.

Figure 56: Planned cohesion policy ERDF, CF, ESF+ and JTF expenditure in rural regions by PO



Source: Project team, 2024, based on Cohesion Data. Note: EMFAF expenditure in the 2021-2027 period has no explicit territorial focus on rural areas, as per Cohesion Data.

As shown in Figure 55, the majority of cohesion policy funding is planned to be implemented with no territorial targeting (79% of funding); PO5 is the exception where 100% of planned funding is linked to territorial targeting and approx. one-third targets rural regions. Policy objective 5 “Europe closer to its citizens” represents a new addition to the toolbox of cohesion policy 2021-2027. Investments under this PO support place-based initiatives such as locally-led development in rural areas. Investments are, by design, more integrated with local stakeholders, requiring local strategies and partnerships as pre-conditions for funding.

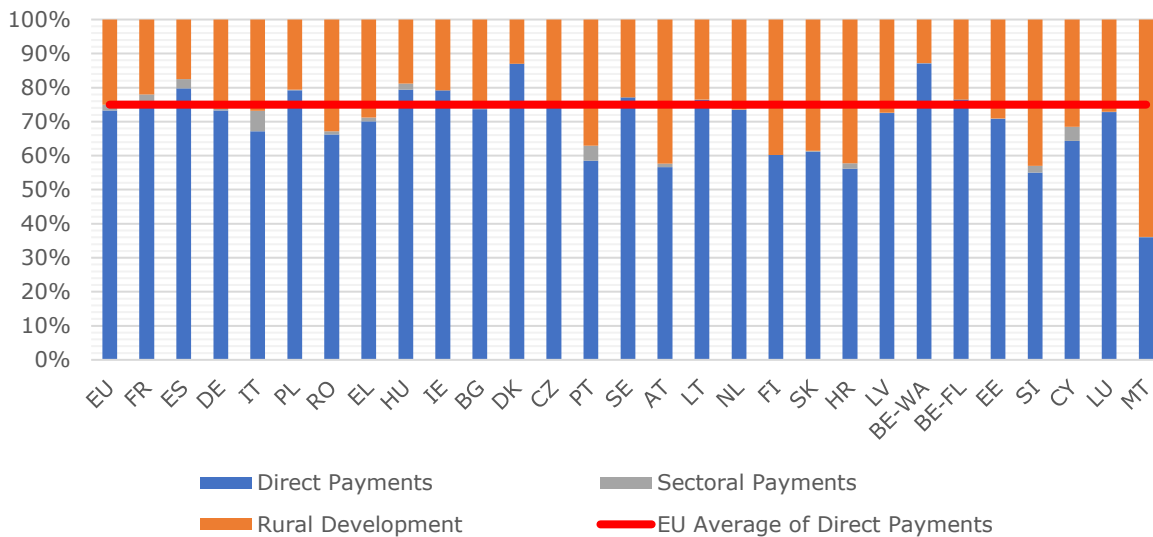
A total of EUR 12 bn of EU funding is targeted at rural regions, of which approx. EUR 1.7 bn targets sparsely populated rural regions (see Figure 56). In addition, EUR 500 m is

targeted at mountainous regions and approx. EUR 5.2 bn at islands. This amounts to approx. EUR 17.8 bn targeted at regions with specific territorial characteristics.

7.6 CAP 2023-2027

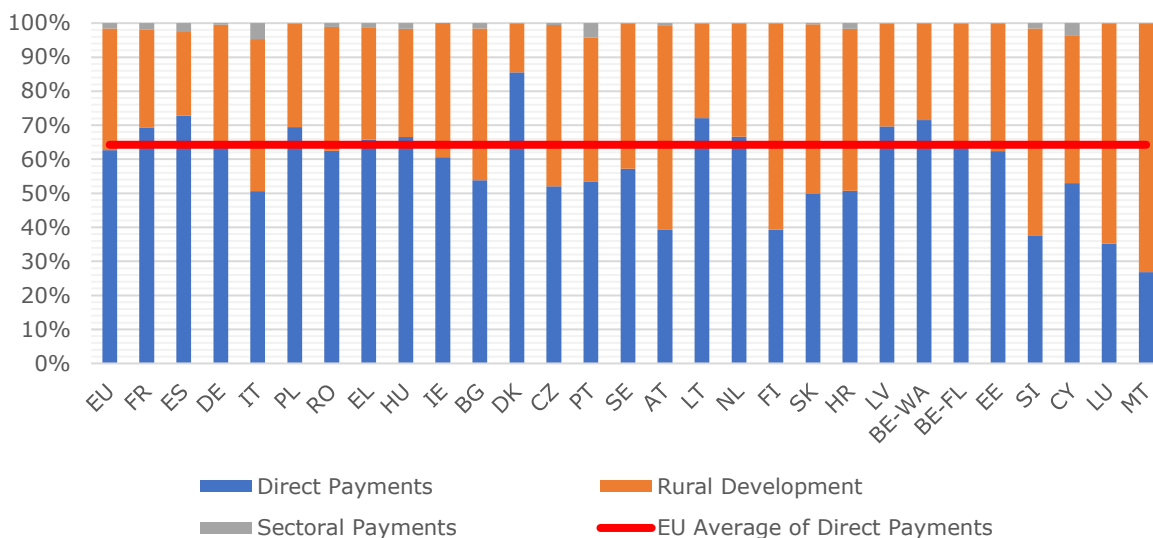
As presented in section 2.2, the implementation of the CAP 2023-2027 relies on 28 CAP strategic plans (CSPs) to distribute both EAGF and EAFRD. While requiring greater commitment to green and sustainable EU objectives via ring-fencing, Member States retain some flexibility in the use of types of intervention but also by transferring direct payment funds to rural development, or implementing degressivity or capping of direct payments, and in rates of co-financing. Member States' choices resulted in EU funds of about EUR 260.9 bn, 75.4% of which are dedicated to the EAGF and 24.6% to the EAFRD. This budget grows to around EUR 304 bn with national co-financing. Considering the total public expenditure planned, CAP 2023-2027 funds support direct payments (61.8% of funds); sectoral interventions (3%) and rural development (35.7%) (ECORYS, METIS, and Agrosynergy, 2023; METIS., Agrosynergy., and ECORYS., 2023; Münch *et al.*, 2023).

Figure 57: Distribution of CAP EU funding per CSP 2023-2027



Source: Project team, based on DG AGRI agri-food data portal (2024).

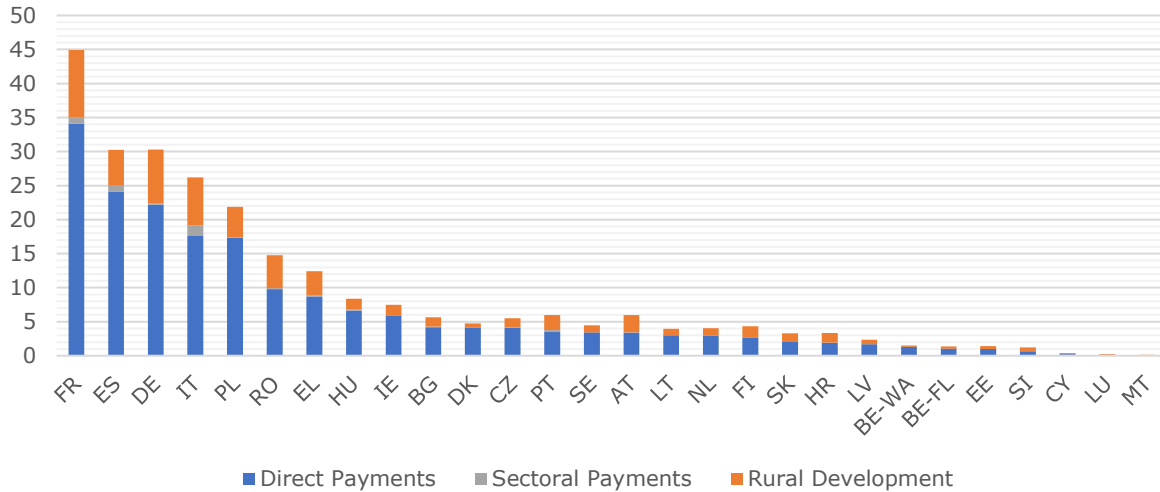
Figure 58: Distribution of CAP funding (planned total public funding) per CSP 2023-2027



Source: Project team, based on DG AGRI agri-food data portal (2024).

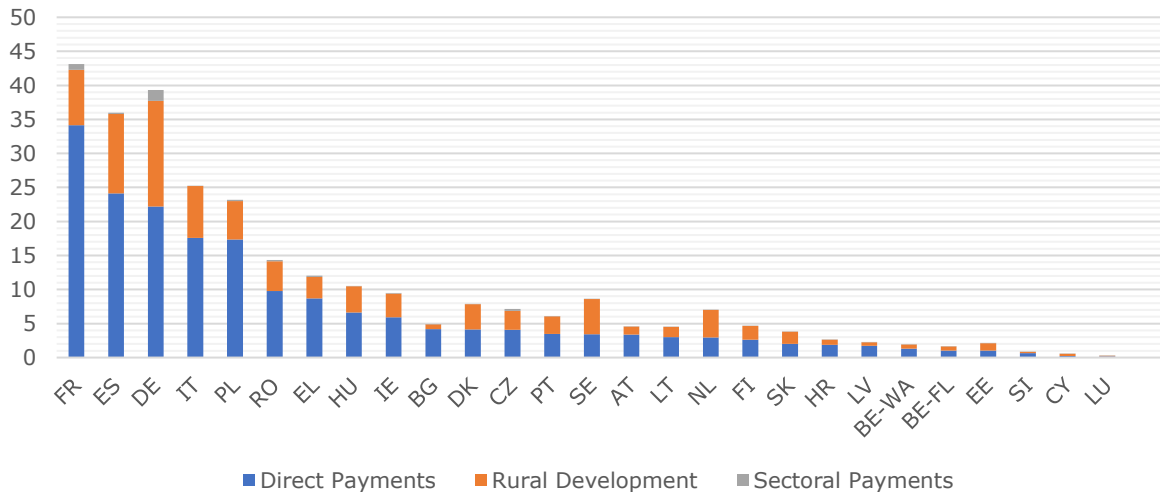
This EU average however does not show the disparities of Member States CAP funding in terms of budget and approach. Figure 57 and Figure 58 show the absolute value and relative allocation of CAP funding per strategic objective. While countries such as France, Italy, Spain, Germany and Poland benefit from the largest budgets (over EUR 20 bn), smaller countries such as Luxembourg, Cyprus and Malta have CAP budgets of less than 1 billion. Figure 58 emphasises differences of approach in distributing the funding: some allocate more than 60% to rural development (e.g. Austria, Finland, Slovenia, Luxembourg, Malta) and others only plan 30% or less (e.g. Denmark, Spain, Lithuania and Wallonia) within CAP 2023-2027 (Münch *et al.*, 2023).

Figure 59: Planned EU funding in the CAP Strategic Plans 2023-2027 (in EUR billion)



Source: Project team, based on DG AGRI agri-food data portal (2024).

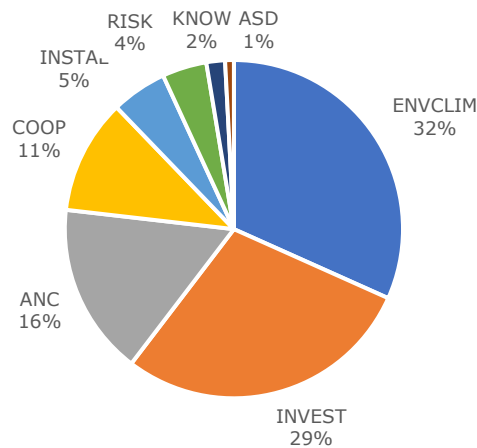
Figure 60: Planned total public funding in the CSP 2023-2027 (in EUR billion, excluding technical assistance)



Source: Project team, based on DG AGRI agri-food data portal (2024).

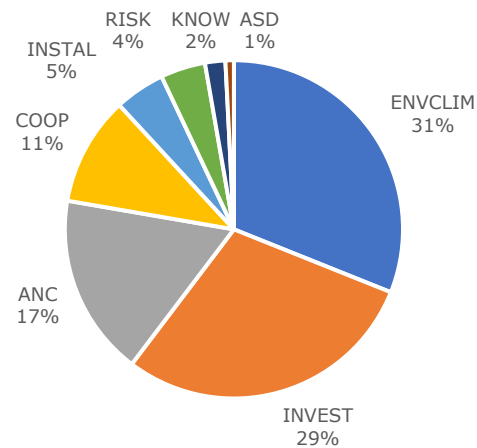
The CAP 2023-2027 funds expected to contribute to activities beyond farming are interventions in rural development financed by the EAFRD and national co-financing. At EU level, most rural development funds are dedicated to environmental, climate related and other management commitments (30%), investments (29%) and areas with natural or other specific constraints (17%) (ECORYS, METIS, and Agrosynergy, 2023).

Figure 61: Distribution of EU funds for rural development per intervention type



Source: Project team, based on DG AGRI agri-food data portal (2024).

Figure 62: Distribution of the planned total public funding for rural development per intervention type



Source: Project team, based on DG AGRI agri-food data portal (2024).

The intervention types deemed to have the most direct impact on needs identified by the LTVRA are interventions linked to SO8 (i.e. parts of interventions in INVEST, COOP and INSTAL). Some further intervention types such as KNOW and COOP-EIP are not directly linked to SO8 but still deemed to support rural development needs identified in the LTVRA (METIS., Agrosynergy., and ECORYS., 2023).

7.7 Summary discussion

Between 2014 and 2022, the EU funds (CAP 2014-2022 and other ESIF 2014-2020) spent an estimated EUR 23.6 bn per year in rural regions, all funds included. The CAP 2014-2022 played an important role in supporting investments in rural regions throughout the EU. Cohesion policy 2014-2020 deployment in rural regions, at EU level, while providing an overall important source of funding, especially for larger investments, varies significantly throughout the EU-27: principally the ERDF saw relatively wide uptake for support to rural regions; in comparison the ESF and CF play a more reduced role. EMFF support to rural regions was limited in comparison, as coastal areas in general tend to be more densely populated. This strong role of the CAP is carried forward in the 2023-2027 period, albeit with a lower degree of commitment to rural development beyond farming in comparison to the 2014-2022 period.

Answers to the evaluation study questions

8. Effectiveness – ESQ1: To what extent were the needs set out in the LTVRA effectively addressed by the CAP 2014-2022?

This ESQ requires an assessment of the extent to which CAP 2014-2022 measures and instruments effectively addressed the range of rural needs that are identified in the LTVRA, to provide the necessary context for answering the study ESQs concerning the relevance and coherence of EU funding, and the CAP in particular, to the rural vision. As such, the purpose of this ESQ is not to measure empirically the impacts of CAP support relating to the LTVRA, since relevant CAP impact assessments were already made in previous evaluation studies for the 2014-2022 period. An important consideration for this ESQ is that the goals and interventions of the CAP 2014-2022 preceded publication of the LTVRA.

Accordingly, the main sources of information for addressing this ESQ are the findings of evaluation studies of CAP 2014-2022 already conducted at EU-level, in addition to insights derived from analysis of funding patterns (section 7) and CMEF indicators (section 4.1).

8.1 Summary answer

The CAP 2014-2022 has addressed all needs outlined in the LTVRA to varied degrees of effectiveness, as assessed by reference to its different blocks of action. The CAP addresses these needs particularly via rural development measures (EAFRD) supporting activities beyond farming, but also through farm-focused and joint support measures and instruments. M07 village renewal and M19 LEADER are judged particularly effective for addressing rural development beyond farming, covering all four blocks of the LTVRA, but with funding particularly focused on actions supporting stronger rural areas and elements of connected rural areas. Within this, implementation constraints and limited budgets led to limited impact on the specific aims of digitalisation and mobility. Beyond these two measures, other EAFRD (sub-)measures contribute to the LTVRA: forestry support (M08 and M15, both “joint” measures targeting farm and non-farm impacts) has shown positive effects for resilient and prosperous rural areas, as have investments (M06.4 and M04.4). Farm-focused support has also helped address needs related to prosperous rural areas: economic support to farms has generated positive spill-over effects for the rural economy, especially in areas where farming is more labour-intensive or represents a higher share of economic activity. The CAP 2014-2022’s support to non-agricultural start-ups and rural businesses via measures M19 and M06.4 appears effective in supporting rural prosperity. Farm-focused support also generated environmental and climate action and investments promoting resilient rural areas, however, many such effects will be only fully realised in the long-term. The analysis reveals potential gaps or areas of lesser impact for specific needs: new transport and mobility solutions seem less-addressed by the CAP 2014-2022 and non-farm innovation support via M16 was less evident than farm-focused actions, and overall funding levels are limited for some social goals. Thus, other sources of funding would be needed to provide a comprehensive cover of LTVRA ambitions.

8.2 Answer based on the judgement criteria

8.2.1 JC1.1: The interventions of the CAP 2014-2022 targeting needs outlined in the LTVRA were effective

Stronger rural areas

CAP 2014-2022 support beyond farming for stronger rural areas, as identified in EU level evaluation studies, was most effectively addressed by M19 LEADER/CLLD and M07 village renewal. Secondary effects were generated by M16 cooperation, particularly innovation via EIP-AGRI. This measure had a relatively strong on-farm focus in comparison to effects beyond farming, as anticipated by its legal framing (agricultural innovation) in that period.

The CAP 2014-2022 had a positive impact on social and economic aspects of rural development, especially in less developed regions³² where the importance of the agricultural sector tends to be higher. CAP support from pillar I and II was found effective in supporting the **attractiveness and viability of rural areas**, e.g. by reducing land abandonment and supporting generational renewal (Schuh *et al.*, 2021).

With wide application across the Member States³³, measure M19 (LEADER/CLLD) plays a significant role in **community empowerment** and enabling **citizens' active participation** in policymaking, strengthening social capital. By 2021 over 60% of the rural population was covered by local development strategies (R.22). M19's bottom-up approach is a main reason behind its effectiveness, according to the impact evaluation. This, combined with a strong emphasis on networking and broad participation, increases the capacities of LAGs and participating local authorities, strengthening local communities (Dwyer *et al.*, 2022). M19 allows the development of highly relevant policies at local scale, directly targeting local needs.

For the development of **infrastructure** and access to public and private **basic services** in rural areas, the CAP 2014-2022 period most effectively addressed the LTVRA via measures M07 village renewal and M19 LEADER/CLLD (Schuh *et al.*, 2021; Dwyer *et al.*, 2022). Basic service provision by M07 addressed relevant needs and improved quality of life. The percentage of rural population benefiting from improved services/infrastructure (R.23) due to EAFRD support grew substantially, 2015-2021 (from 0% to 29%) but still remains a minority. Village renewal under M07 effectively addressed provision and improvement of basic services across the EU (Schuh *et al.*, 2021), notably in remote and less developed rural regions (*ibid*). Case study evidence supports the positive role of M07 in Austria, Romania and the inner areas of Italy. One case (Germany – Brandenburg) only activated M07 in 2020, using EURI budgets. In Bulgaria its effectiveness was judged as limited. In Ireland the measure specifically targeted renovation of traditional farm buildings and evaluation found the scheme had a high positive impact on cultural heritage and biodiversity via habitat restoration. The Spanish case study showed how other programmes from ESF and ERDF were used to support basic services and small-scale rural infrastructure, more than M07; this also explains M07's non-use in Czechia's case.

Significant basic service provision and rural vitality investments were achieved by M19 LEADER in the 2014-2022 period (Dwyer *et al.*, 2022). The bottom-up approach of LEADER enables the implementation of very relevant, albeit often small-scale solutions to addressing deficits in rural basic service provision, such as supporting community-led social services and advisory bodies. However, LEADER can support large-scale provision (Dwyer *et al.*, *ibid*): it funded large scale social housing infrastructure development in Saxony (Germany). M07 and M19 directly targeted related needs and relevant investments as found in the case studies: M19 LEADER proved the primary vehicle addressing rural needs beyond farming, in particular services and infrastructure for village attractiveness and quality of life (Germany – Brandenburg, Ireland). The positive role of LEADER in promoting stronger rural areas (particularly rural revitalisation) was also highlighted in Finland.

Measure M19 LEADER/CLLD may be considered a driver of **innovation** in many domains, from social innovation to product and process innovation, also innovations in governance, animation and outreach. In the Spanish case study, impacts in rural innovation beyond farming were supported by around a quarter of all LEADER projects in Castilla-La Mancha.

Measure 16, EIP-AGRI also targets **rural innovation** but particularly in farm and forestry sectors. An evaluation found it played a positive role disseminating and developing innovative farming practices (Coffey. *et al.*, 2016). The bottom-up approach of this initiative supports its relevance, as it ensures targeting local needs, but it will likely have limited spill-over impacts beyond farming.

³² Regions with a relatively lower gross domestic product per capita.

³³ Mandatory for all Member States as per Regulation (EU) No 1305/2013.

Connected rural areas

The EAFRD 2014-2022 contributed to **connectivity** and **mobility** beyond farming in rural areas via two measures, M07 village renewal (primarily M07.3) and M19 LEADER/CLLD. An evaluation attributed a high degree of effectiveness to M07.3 in improving high-speed internet access and digital connectivity in rural areas (Schuh *et al.*, 2021). The evaluation also found a positive role of the measure improving accessibility in rural areas via infrastructure development. However, the effectiveness of this funding is influenced by the overall level of infrastructure, as M07.3 supports investments (e.g. passive infrastructure) which require the pre-existence of baseline structures as well as other elements which the sub-measure doesn't cover (these can be funded by other EU and national sources, as seen in the Spanish case study). This implies that its effectiveness varied between territories.

Support to mobility (such as e-mobility, road and rail mobility) and to internet connectivity was also given by LEADER/CLLD LAGs in the 2014-2022 period, but this is by design aimed at small-scale needs, at local level. The LEADER evaluation (Dwyer *et al.*, 2022) found its investments were effective for LTVRA mobility aims and for the local population. Nonetheless, stringent implementation rules or weak absorption capacities among some LAGs reduced uptake, these cited complexity to implement these projects and the potential availability of more accessible funding, as causes. Similar findings were reported in the case studies: encouraging rural **mobility** (focused on road infrastructure³⁴) and high-speed **internet** connectivity in less connected areas in Austria³⁵ via M07, and in Limousin (France) via M19. Highspeed internet via M07.3 was also prominent in Castilla-La Mancha (Spain). However, the case studies also noted ineffective delivery in mobility support due to constraining implementing rules and easier access to other funding³⁶.

Across the EU, the share of rural population benefiting from EAFRD-funded new or improved service/infrastructure related to ICT (R.25) increased over the period and especially between 2020 and 2021. However, by 2021, only 7% of the population benefited. Member States also mobilised other sources of funding (notably ERDF) to support digital connectivity, with relatively low funding of M07.3.

Resilient rural areas

The LTVRA action block "Resilient rural areas" connects actions and needs in the field of environmental sustainability and climate action including energy transition; with social needs covering inclusion, women's empowerment and social infrastructure. Particularly environment and climate action were supported by the CAP via on-farm and forestry measures in the 2014-2022 period. Most support, particularly for climate action, soil health and green farming practices was via farm-focused EAFRD and EAGF, with comparatively less via rural development measures beyond farming.

Evaluation studies found positive contributions of the CAP 2014-2022 to promoting the environmental sustainability and climate transition (as expressed in the LTVRA) on individual elements such as water management and soil health. However, they also noted difficulty in estimating impacts, as both investments and annual payments generally target long-term impacts. Engaging farmers in substantial changes in practice remains a significant challenge. Specific on-farm direct payments and rural development measures had positive impacts promoting sustainability. The EAGF greening measures and cross-compliance were deemed effective in supporting uptake of practices beneficial for **water management**, especially measures for permanent grasslands and crop diversification, promoting water-conserving practices among intensive water-using farms. The same

³⁴ Road infrastructure was also supported by other measures in the case studies, such as via M04 in Castilla La Mancha.

³⁵ At the time of the mid-term evaluation, approximately 30 000 households from 96 municipalities had been supported by this measure and 29 further projects were approved, mostly focussing on the deployment of cable technologies.

³⁶ M19 LEADER was programmed to support high-speed internet support in Ireland; however, the implementation was not successful due to the constraining implementation rules. Likewise, digitalisation support under M07.3 in Bulgaria was not effectively implemented due to the dissolving of the implementing body.

measures also had positive impacts on **soil health** and structure and thus water retention. However, the overall grassland area decreased in some Member States between 2015 and 2018 and some schemes may have negatively affected water quantity (Devot *et al.*, 2020). Direct support to soil health was relatively limited in the 2014-2022 period (ibid). The CMEF result indicators (R.10, R.11) on soil health suggest that the CAP does relatively little in this field: by 2021, only 14% of the EU's agricultural land and 0.5% of the EU's forests was covered by management contracts to improve soil management and/or prevent soil erosion; however, this may reflect under-reporting in respect of actions with multiple environmental outcomes.

CAP instruments and measures appear to provide added value in **biodiversity and habitat protection**. However, the scale of their impacts has not compensated for ongoing biodiversity losses in the 2014-2022 period. On-farm support for fallow land benefited biodiversity in some areas (Alliance Environnement, 2020). **Forestry** measures M08 and M15 promoted biodiversity, with positive effects on stabilisation of soils, biodiversity and fire risk prevention expected over the long-term (Alliance Environnement, 2017). A positive and key short-term impact of M08 was also found in restoring and stabilising carbon sinks (forest and forest ecosystems) in regions affected by catastrophic events, as well as a key role supporting afforestation, with regions such as Scotland (United Kingdom) financing almost all planting through this measure (Alliance Environnement, 2017). The EAFRD is an important funding source for MS to implement NATURA 2000 conservation in forests and woodland: these represent a large share of NATURA 2000 areas. Nonetheless, the recorded percentage of EU farmland under management contracts supporting biodiversity and/or landscapes (R.07) appears limited (18% in 2021), while only 1% of the EU's forest area was reported as under contracts supporting biodiversity (R.06) with CAP support.

A simulation made for the *evaluation study of the impact of the CAP on climate change and greenhouse gas emissions* estimated that the CAP 2014-2022 should contribute to CO₂ emissions reduction with some success reducing N₂O emissions via on-farm support. A contribution to achieving the **limitation of GHG emissions and adaptation** of livestock and crops to climate change, is also expected, via technological and social innovation. However, the study notes that the uptake of these measures by Member States remained limited in 2019, thus with limited impacts. The study notes that adaptation of EU farm and forest holdings will require changes in farming systems and land use; however, no CAP measures 2014-2020 explicitly funded such adaptations or created incentives to compensate their costs (Alliance Environnement, 2019).

Sustainable land use is supported by the CAP primarily via farm-focused EAFRD support. In 2014-2020, three measures were deemed effective to prevent the conversion of grassland into cropland: the obligation to maintain a **permanent grassland** ratio at national level; organic farming (M11) and agri-environment-climate measures. These were effective in maintaining grassland but not increasing its extent. M10.1 and M11 were judged to have contributed to reduced soil erosion. However, these measures were judged as limited in scope, area and lack of targeting to vulnerable areas. (Alliance Environnement, 2021). The questions of land zoning³⁷ and land-use practices are highly relevant to rural areas. CAP direct payments, voluntary coupled support and payments to areas facing natural or other specific constraints (M13) helped reduce rates of **land abandonment** (Alliance Environnement, 2020). Support via M13 could therefore contribute to maintaining high nature value farmland (European Commission. Agriculture and Rural Development, 2023).

Investment support beyond farming can also contribute to **climate action**, as case study evidence shows. Support under M07 addressed some LTVRA needs in environmental education and awareness-raising, as well as direct support to improve resource management and conservation to promote **environmental sustainability** (M07.1, supporting NATURA2000 plans, M07.6, environmental awareness and information) in

³⁷ Land zoning is a public process regulating and restricting the usage and development of a specific area.

Brandenburg (DE). In other cases, M07 supported awareness campaigns and visitor information centres.

Measure M19 (LEADER/CLLD) contributed to support **environmental capital** in rural areas, with varying levels of effectiveness. It was regularly used to improve **cultural and natural heritage** or **protect biodiversity and landscapes**, but was not viewed as an instrument to address environmental issues that require specific expertise and regional or national action. Its most common impacts were in environmental awareness-raising, preservation of cultural heritage and sustainable tourism (Dwyer *et al.*, 2022).

The CAP has effectively targeted the promotion of **social inclusion and cohesion, gender equality** and **social infrastructure** (see also stronger rural areas) via M07 village renewal and M19 LEADER/CLLD, particularly women's empowerment. LEADER made significant contributions in 2014-2022 (Dwyer *et al.*, 2022), as LAGs could respond relatively quickly to rapidly evolving needs, e.g. LAGs in Austria (*ibid*) in 2015 and 2016 launched new labour market inclusion projects for migrants. The role of M19 in promoting gender equality in rural areas was also reported in the Brandenburg (Germany) case study where M19 LEADER had a strong gender dimension, with the majority of jobs created among women. LEADER implementation also resulted in positive employment creation and retention for women in the Austria case study. RDPs may also adopt gender-positive approaches in farm-focused support, e.g. the Austria case study found that M01 provided a key vehicle in the RDP to promote gender equality, with 80% of sub-measures incorporating a gender dimension.

It can be difficult to address and effectively target the needs of socially vulnerable individuals with EAFRD, and some groups' needs (particularly third country nationals and vulnerable ethnic groups) remain under-addressed (Schuh *et al.*, 2021). LEADER alone is not sufficient to tackle broad and complex problems of **rural poverty** (*ibid*). LEADER is focused on the integrated development of territories rather than deprived groups *per se*, and accurate targeting of their needs requires thorough implementation of LEADER principles in combination with targeted outreach and capacity-building (Dwyer *et al.*, 2022).

Compared to urban, rural areas in Europe have a less diverse population and more important exodus by women and young people. Support to the farming sector can nonetheless spill-over into the wider rural economy to increase labour market attractiveness. Assessment by Schuh *et al.* (2021) of funding via measures M10 (AECM), M11 (organic farming), M12 (Natura 2000) and M13 (ANC) found these were positively associated with increased **employment among women** in rural regions.

Prosperous rural areas

The positive role of EAFRD measures in **creating employment and increasing labour productivity** across rural regions has been highlighted by Dumangane *et al.* (2021). The authors analysed the lagged effect of funding disbursed between 2011-2015 and 2016-2018 and its impacts over the following three years using a series of agricultural and regional economy indices. They found that rural regions obtaining a relatively high share of EAFRD payments also saw higher regional GDP per capita and employment growth. The role of the CAP direct payments in supporting positive economic outcomes for rural regions by improving value added and employment was also highlighted in the 2014-2022 period by Schuh *et al.* (2021). This positive general role in economic development and job growth was also highlighted in case studies: EAFRD support was found to positively impact employment levels in Austria, Ireland, Castilla-la Mancha (Spain) and Czechia, while in Emilia Romagna (Italy) it was judged effective in addressing agri-food sector needs.

Job creation and **local economic development** beyond the farm sector is supported by the EAFRD. Support via LEADER (M19) and support from M07 and M06.4 non-farm business start-up was found to have significant positive impact at local level (Dwyer *et al.*, 2019). In 2021, 26 460 jobs were created by CAP supported projects in rural areas across the EU (R.24) and further 45 210 jobs were created via LEADER projects (R.21). In the

Austria case study, rural business start-up beyond farming was implemented effectively via M06.4, resulting in positive employment effects among supported SMEs.

Tailored solutions developed via LEADER/CLLD helped address job creation, in particular (Dwyer *et al.*, 2022). LEADER also proved effective in promoting **social enterprises, new business development, networking and cooperation and sustainable development**. To a lesser extent, LEADER also supported the **bioeconomy** in rural areas in the 2014-2022 period (ibid). The case studies reported M19 LEADER supported farm diversification in Austria and provided support to local Irish agri-food producers in a LEADER Food Initiative. An emphasis on farm diversification, forestry support, and shorter supply chains was found in Czechia's implementation of LEADER/CLLD, using EAFRD. A positive role of LEADER in supporting economic development and diversification was highlighted for Limousin (France) and Castilla-La Mancha (Spain), though very much linked to the agricultural sector.

On-farm support via CAP 2014-2022 also led to employment growth. Employment in the agricultural and the agri-food sector in rural areas was supported by **investments** (M04) and **farm and business development** (M06). These two measures tended to be more effective in primary sector job creation in more developed regions (Schuh *et al.*, 2021). A similar pattern was reported in the case studies for Austria and Castilla-La Mancha. The spill over of on-farm support to employment was demonstrated for CAP young farmer support in the 2014-2022 period. **Generation renewal** measures were found to support the diversification of farm businesses which in turn generated enterprises creating new jobs (Dwyer *et al.*, 2019). The young farmer payments and measure M06.1, retain agricultural jobs as these measures are targeted towards the agricultural sector³⁸ and accompanying advice and training services help improve employment and performance. These measures were found to have a higher impact on employment when targeting labour-intensive forms of agriculture than on capital-intensive farms (Dwyer *et al.*, 2019). Generational renewal measures appear to help the development of short supply chains, via advice for new farmers (Dwyer *et al.*, 2019). The evaluation found that the effective implementation of these measures depends on effective integration with other national and regional policies, such as for land-transfer.

EIP-AGRI, implemented via M16 cooperation, positively impacts on-farm innovation and farm productivity and sustainability (Coffey. *et al.*, 2016). This also has wider rural impacts, as it contributes to increasing the **attractiveness of rural areas for SMEs and enterprises** (Beck *et al.*, 2021). In the case study of Spain (Castilla La Mancha), innovation was addressed with M19 and M04.2 giving effective support to innovation in rural areas and the wider agri-food sector.

Measures M16 (Cooperation), M19 (LEADER) but also M04 (investments) and M06.1 (start-up aid for young farmers) were found to encourage **lifelong learning**, especially when acting as a requirement to access subsidies. M06.1 was judged most effective in improving the **initial level of qualification** of young farmers and is also thought to have stimulated the uptake of training and advice (Beck *et al.*, 2021).

Support to the forestry sector via M08 can contribute to the **economic development** of rural regions and foster **bioeconomy**. However, its impact is particularly difficult to evaluate as the time horizon for forestry investments is long. The evaluators (Alliance Environnement, 2017) deemed that the sub-measure M08.1 could contribute to **create jobs and economic opportunities** and sub-measure M08.6 had the "most direct effect on the **competitiveness** of forest companies" as it supported the purchase of machinery, targeting SMEs in most RDPs. Some Member States or regions faced implementation challenges due to restrictions concerning the afforestation of agricultural land, which are used to mitigate the risk of land and farm abandonment.

³⁸ The measure M06.4 for example enables the support of non-agricultural activities.

8.2.2 JC1.2: The CAP 2014-2022 is more effective in addressing needs in some areas of the LTVRA than in others, and these can be identified

Building on the evidence presented from literature and the case studies in the preceding section, this section compares evidence between the LTVRA action blocks and priorities. The overall importance of the EAFRD in supporting rural development beyond farming in comparison to other (EU and national) funding sources was highlighted in most case studies. Overall, being holistic, the LTVRA covers numerous needs and challenges and sets very broad objectives. As such, CAP funding may not be able to effectively address all areas of action outlined therein. Therefore, based on prioritisation of the specific needs of regions/countries, the CAP often only targets parts of the areas of action under each action block of the LTVRA. The extent to which the CAP is effective in addressing these needs also depends on the implementing choices of managing authorities and local delivery bodies and the extent to which the measures are integrated with relevant national and regional policies, as was highlighted in most evaluation studies (e.g. Dwyer *et al.*, 2019; Schuh *et al.*, 2021).

The analysed literature complements the findings of the case studies. The CAP 2014-2022, especially considering the significant support from rural development targeted at the farm sector and beyond farming, is considered most effective in promoting **prosperous rural areas**. On-farm CAP support using a variety of instruments and measures generates economic spill-overs in the wider rural economy which support economic development and employment. The biggest absolute impact may be in rural areas with a relatively strong farming sector as these receive most CAP support (Schuh *et al.*, 2021), whereas our funding analysis suggests that the biggest relative impact (compared to needs and to other funds) could be in sparsely populated areas. Among the range of non-farming needs, EAFRD measures like M19 and M07 are likely to have smaller or more localised impacts than the general CAP-farming ones, and in particular, support was less targeted to youth, SMEs and the bioeconomy than it was for other rural non-farm needs.

Still, both the case studies and the literature review highlight the role of rural development measures beyond farming and joint support as being the most direct measures addressing actions under the four blocks of the LTVRA – mostly M19 LEADER, M07 village renewal, but also M08 forestry and beyond farm support under M04, M06, and M16. This support, especially considering its relatively lower funding in comparison to on-farm support, has a high effectiveness in especially supporting **stronger** rural areas, the social dimensions under **resilient rural areas** (related to social inclusion and services), as well as **prosperous rural areas** (social economy, economic diversification and SME support). Delivery modes relying on bottom-up approaches of M19 LEADER or small-scale, well-targeted investments via M07 village renewal (and other beyond farming sub-measures of M04, M06, and M16) are essential in enabling the CAP to effectively target needs under **stronger and prosperous** rural areas. By contrast, CAP support under **connected rural areas** was only partially effective in improving internet connectivity across the EU-27, linked to relatively low funding for M07.3 as well as measure restrictions and complexities (see JC 1.1). The CAP also supported rural mobility solutions to a lesser extent, focusing more funds on basic infrastructure investments such as roads.

9. Relevance

This section addresses three questions tied to the evaluation criterion relevance:

- **ESQ 2:** To what extent is the CAP 2014-2022 relevant to address the various themes identified under the LTVRA? In answering this question, the contractor should also examine how the CAP's relevance will evolve in 2023-2027.
- **ESQ 3:** To what extent is the CAP 2014-2022 relevant where:
 - a) a holistic rural strategy, actions plan or programme exists; b) there is a political commitment to support rural areas; c) there is no information on the existence of a holistic rural strategy, actions plan or programme?
- **ESQ 4:** To what extent is the CAP 2014-2022 relevant to fund holistic rural strategies, action plans, agendas or programmes established in the EU Member States? In answering this question, the contractor should also examine how the CAP's relevance will evolve in the new period 2023-2027.

Our understanding of key terms

Relevance concerns the extent to which policy measures and instruments are **appropriately designed and targeted towards meeting certain goals and addressing particular needs or concerns**, in an *ex-ante* sense: i.e. "aiming at the right things", rather than assessing *ex-post* whether they have actually achieved those things, once implemented in practice (which would be *effectiveness*).

All study questions under the relevance theme are in fact inter-related, in that the answer to each ESQ depends on analysing a common set of evidence sources by reference to three slightly different, but often overlapping, kinds of policy agenda.

- ESQ 2 assesses the relevance of the CAP 2014-2022 in light of the ***needs and actions outlined in the LTVRA: a set of common goals for rural areas, agreed at the EU level*** and involving input from all the Member States, with the support of the European Institutions. It requires assessing whether the measures and instruments of the CAP 2014-2022 have addressed the LTVRA needs and opportunities, in appropriate ways, by design. This includes assessing to what extent the funding of the CAP in 2014-2022 was targeted towards these needs, by considering territorial patterns of planned and executed expenditure at NUTS3 level against territorial patterns of indicators of relative need, to the extent that these can be identified and mapped³⁹. In addition, because the LTVRA is a forward-looking strategic document agreed in 2021, the project team has briefly assessed the relevance of the planned funding of the CAP 2023-2027, in relation to the needs identified in the LTVRA, drawing on evidence provided from other detailed studies on this topic.
- ESQ 3 assesses the relevance of the CAP 2014-2022 as implemented in the Member States in relation to ***Member States' strategic frameworks*** or commitments towards rural areas. Member States apply different approaches to address rural needs and opportunities. In the study terms of reference, as explained in sections 2.4 and 4.2, these were divided into three groups depending on how strong and holistic their approach to rural areas was. The project team will assess whether MS' overarching strategic frameworks (whether holistic, consistent or lacking) had implications for the targeting of rural needs via the CAP, i.e. if Member States with more holistic approaches target rural needs differently with CAP funds, relative to those without such an approach, or those with an intermediate approach.
- ESQ4 builds on the findings of ESQ3 by focusing on the specific role of the CAP 2014-2022 in supporting holistic rural strategies and frameworks: understood as tools comprehensively targeting rural needs that go beyond the agricultural sector. This ESQ needs to examine closely any functional connections between CAP funding and rural strategic frameworks and other action plans at a national or sub-national level within the MS. Again, this ESQ also has a future-focused perspective, in that

³⁹ The project team made use of the Eurostat/OECD regional classification at NUTS3 (2021) for all quantitative analyses, as otherwise the production of harmonised analysis results would not have been possible.

many such strategic frameworks have only emerged during the funding period 2014-2022, so the project team will assess the relevance of the CAP 2023-2027 in funding actions outlined in the Member State strategic frameworks, programmes, agendas or other action plans.

The evidence that is relevant for answering these ESQs comes from a variety of sources:

- Documentary and interview evidence concerning the identification of needs in rural areas, linking them to the themes of the LTVRA and of Member States' own rural strategies.
- Planned expenditure data provided by the EC was analysed in conjunction with context data on the social, economic and environmental characteristics of EU rural areas, to examine evidence of ex-ante targeting of indicators of needs matching those identified i) in the LTVRA; and ii) in the Member States' own rural strategies/action plans/programmes. The funding analysis at NUTS3 level (presented in section 7 of this report) informed this analysis.
- The EU level indicators of outputs and results from CAP spending, as well as actual expenditure data, help to show whether such targeting was followed through at the level of fund disbursement and project approvals. This is an indirect measure of relevance: helping to show whether implementation issues promote or frustrate the targeting of funds to meet the needs.
- Case studies can provide a more qualitative, in-depth assessment of the extent to which the selected MS and/or regions have considered the needs of rural areas as expressed within i) the LTVRA; and ii) their own rural strategies/programmes. Case study evidence can also help explain how targeting was followed through in implementation, e.g. in decisions concerning territorial targeting, eligibility criteria and/or scoring systems for assessing funding applications.

9.1 ESQ 2: To what extent is the CAP 2014-2022 relevant to address the various themes identified under the LTVRA?

9.1.1 Summary answer

The thematic diversity of the LTVRA reflects the diversity of rural areas as well as the variety and extent of their needs and challenges. In line with the general and specific CAP objectives (for the 2014-2020 period), CAP interventions generally target a large array of themes and related needs addressed by the LTVRA, but not all, and some more frequently/generously than others. Thus, the breadth of the LTVRA exceeds the CAP's scope and funding capacity. Needs under "resilient rural areas" related to environmental and agricultural issues and under "prosperous rural areas" linked to the farming sector are most clearly targeted. Social and economic needs (under stronger and prosperous rural areas) receive a slightly higher CAP support in intermediate regions than in rural regions. All in all, a better targeting of LTVRA needs may require a greater concentration of CAP interventions on a reduced number of needs, and a coherent mobilisation of other sources of support, alongside the CAP.

From the case studies, we conclude that RDPs target most LTVRA blocks of needs, although the evidence is stronger for areas that have traditionally been the focus of CAP rural development beyond agriculture: notably, economic diversification, provision of basic services, enterprise development and strengthening of rural connectivity (particularly broadband, and to a limited extent also rural transport). Social needs are generally less well targeted during the 2014-2020 period by EAFRD, although LEADER has targeted rural social needs in many Member States. Less explicit recognition is given to issues like climate and the bioeconomy, although funded activities are likely to have made significant contributions to these goals in several cases.

The analysis of the CAP strategic plans (2023-2027) reveals a similar picture for the future. While contributing to all four action blocks of the LTVRA, the CSP 2023-2027 do not target all actions or needs identified in the LTVRA in a uniform manner. Social resilience, for example, remains less addressed than other topics. The enhancement of digital skills is

emphasised, particularly via knowledge exchange, dissemination of information and the development of smart villages. Moreover, although CSPs encourage a very broad consideration of goals, and LEADER retains flexibility to target the full range of LTVRA needs, the relative share of EAFRD funding allocated to LEADER remains limited in comparison to other largely agri-focused investments.

9.1.2 Answer based on the judgement criteria

9.1.2.1 JC2.1: The CAP 2014-2022 objectives and interventions target the needs outlined by the LTVRA

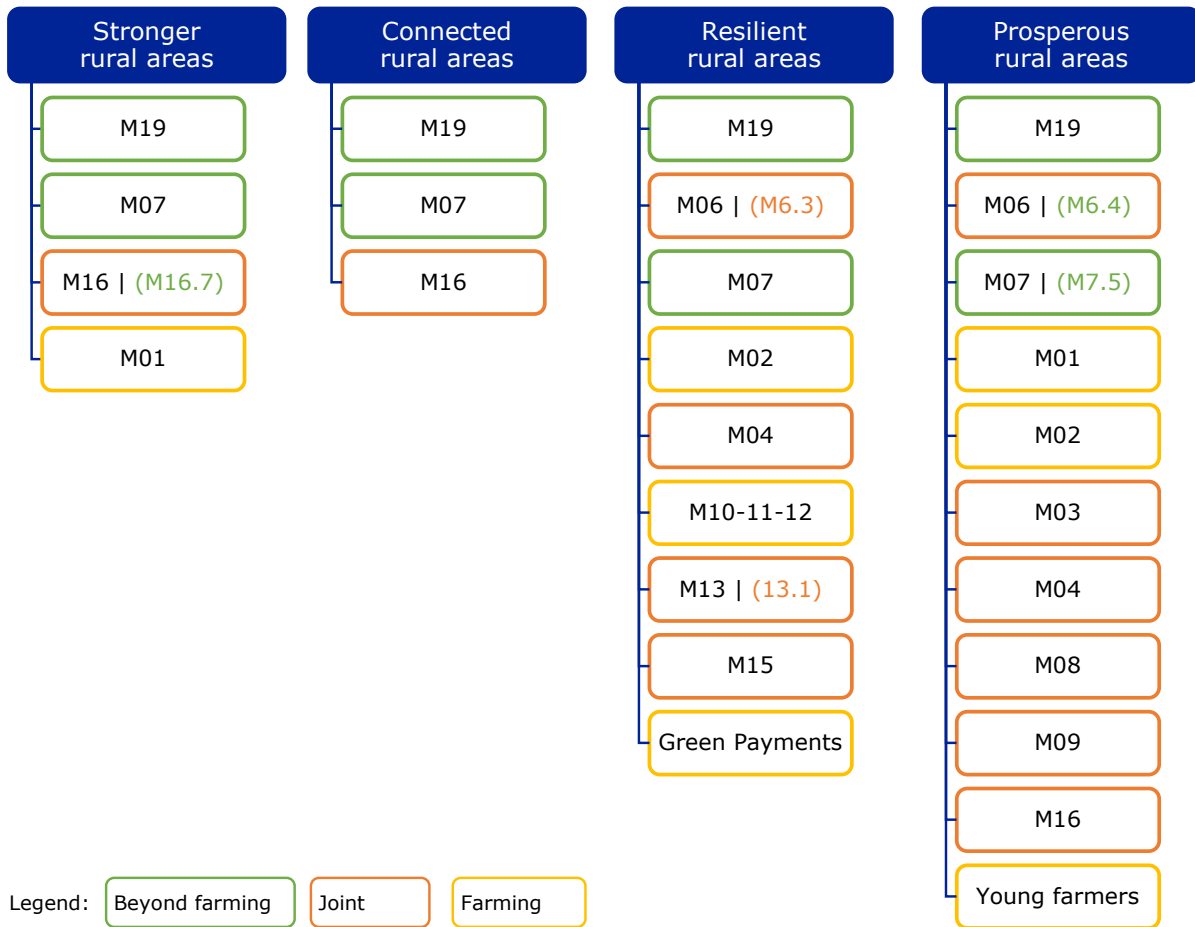
The information basis for this judgment criterion is the analysis of the CAP regulatory framework intervention logic as well as the analysis of rural areas' needs (presented in section 6). This assessment therefore relies on a theoretical basis, which is refined and contrasted with findings and RDP analysis from case studies.

The CAP general objectives for the period 2014-2020 were to ensure **viable food production**, the **sustainable management of natural resources and climate action**, and **balanced territorial development**. While these objectives were set long before the drafting of the LTVRA, they are in line with the LTVRA and its needs identification, albeit the approach and focus differ slightly. By the nature of its funds, particularly the EAGF, the CAP has a much stronger focus on the agricultural sector and its needs than the LTVRA. Needs outlined in the LTVRA are particularly targeted by the CAP objective of balanced territorial development which aims to maintain a diverse and competitive agricultural sector and support economic development, poverty reduction and social inclusion in rural and remote areas while addressing their specific needs and challenges. Balanced territorial development not only refers to addressing or closing development gaps between economically flourishing regions and those lagging behind, but also to an upward convergence for all regions (Schuh *et al.*, 2021). This dovetails with the LTVRA approach, considering the diversity of rural areas, as "no two rural areas are alike" (COM(2021) 345 final, 2021). In principle therefore, the CAP 2014-2022 general objectives broadly address the needs outlined in the LTVRA through its four blocks. Nonetheless, the broader thematic diversity of the LTVRA may in some respects exceed the CAP's scope of action, both in terms of financial allocation and regarding the CAP's targeted intervention fields, as can be expected from a cross-policy, "holistic" vision.

Examining specific CAP interventions and their targeting of LTVRA needs provides further insights. The links between CAP interventions and needs outlined in the LTVRA have been investigated through literature review and analysis of relevant regulatory documents. Based on these analyses, Figure 63 illustrates the links between CAP interventions and the four blocks of action of the LTVRA.

As per the typology introduced in section 2.3, the figure distinguishes CAP interventions which provide support for "farming", for rural activities "beyond farming" as well as measures with potential benefits for both the farming sector and broader rural development, called "joint". This typology also reflects the degree to which the measures target and contribute to the LTVRA. At sub-measure level, the picture is rather complex, i.e. for a given measure, a few sub-measures may fall under one category while the majority of sub-measures correspond to another (and indeed, M06 includes sub-measures of all three types).

Figure 63: Overview of the links between CAP interventions and the LTVRA’s blocks



Source: Project team, 2024.

The relevant interventions (Figure 63) comprise 15 pillar II measures and two pillar I instruments. Four pillar II measures (M05, M14, M17, M18) have been omitted due to their very strong farming focus and limited targeting of LTVRA needs. Out of the fifteen pillar II measures, two are considered as “beyond farming”, eight are “joint”, and five are focussed on farming. Of note, two sub-measures (M06.4 and M16.3) of the seven joint measures are considered as beyond farming.

Differences in the way CAP interventions target needs linked to four blocks of the LTVRA, can be observed in terms of:

- the extent to which one block is addressed (vis-à-vis the others);
- the extent to which the underlying themes of each block are addressed.

Considering all four blocks, the majority of measures targeting LTVRA needs are of a joint nature. This can be explained by a close interlinkage in many areas between the farm sector and support provided for its maintenance and development, and wider rural vitality. The contribution of “pure” farming measures to rural needs should also not be underestimated, as the LTVRA also covers needs and themes specifically related to the farm sector (e.g. greening agriculture or sustainable food production).

M19 – LEADER and M07 – village renewal are the only two measures targeting all four LTVRA blocks. LEADER in particular covers the widest range of themes under each block. M07 also has a large scope of action, but with a weaker link to prosperous rural areas (apart from interventions through M07.5 – Investments in public use in recreational infrastructure and tourism). Overall, the “prosperous” block is targeted directly and indirectly by more CAP measures including several linked to the farm sector, compared to the “connected” rural areas block which only three measures target, including no “farming” ones. Of course, numbers of measures alone do not indicate strength of targeting: such

considerations should ideally be examined further in light of measure uptake, implementation and financial allocations (see JC 2.3).

In line with general and specific CAP objectives, CAP 2014-2022 interventions generally target most LTVRA themes and related needs, but not all, and some more frequently/generously than others. Considering the available evidence, the following LTVRA needs appear relatively well targeted by specific CAP interventions.

- Prosperous rural areas: Diversification of rural economies, training and support for young farmers (employment for young people), entrepreneurship, generational renewal, strengthening producer organisations, labelling and geographical indications, agri-food processing, sustainable bioeconomy and technology development.
- Resilient rural areas: Climate action, soil health, environmental training and greening farming activities, empowerment of women and social inclusion (e.g. Roma population).
- Stronger rural areas: rural revitalisation, community empowerment, social innovation.
- Connected rural areas: broadband investment, some transport infrastructure and mobility options.

In turn, some relevant LTVRA themes, e.g. education, sport, improving digital skills, innovative mobility, may receive little or no support from the CAP.

9.1.2.2 JC2.2: The CAP 2014-2022 funding allocations show targeting of the territorial needs specified in the LTVRA in rural and intermediate regions of the EU-27

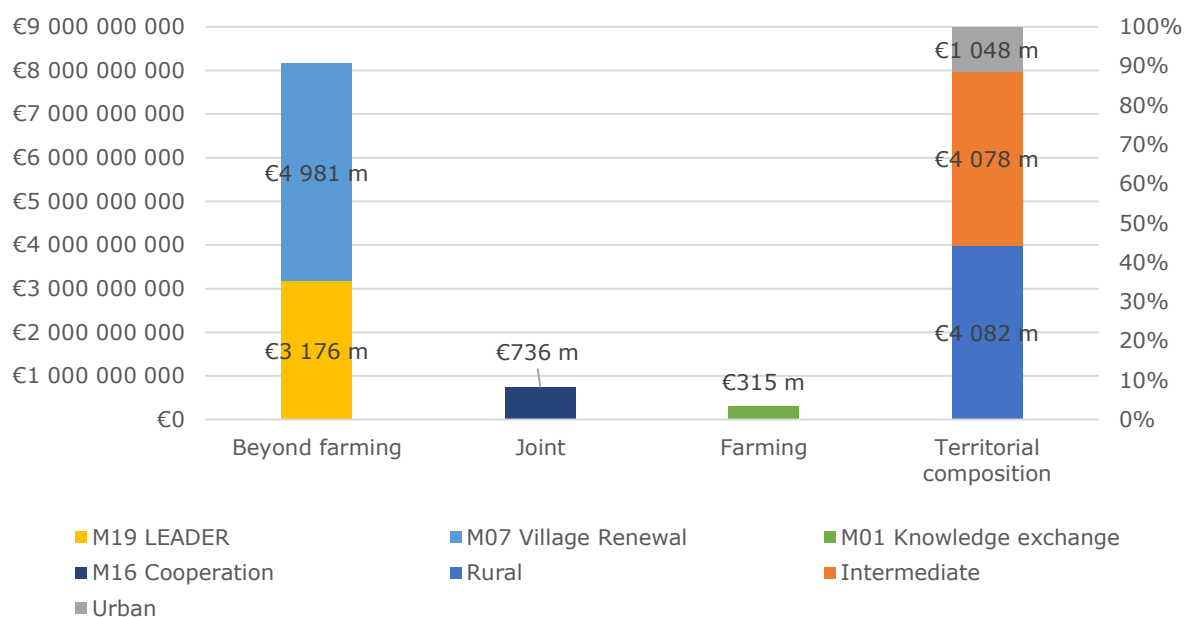
This JC considers the extent to which CAP objectives and interventions target needs outlined in the LTVRA by examining CAP funding allocations (paid expenditure for relevant interventions in both rural and intermediate regions⁴⁰) vis-à-vis targeted LTVRA needs (analysed by block of action and taking into account the varied needs of different rural areas).

Stronger rural areas⁴¹

For this block, related CAP funding is almost equally targeting respectively rural and intermediate regions and only slightly more than 10% is allocated to urban regions. Looking at the measure split, M07 channels the majority of funding (nearly EUR 5 bn), followed by LEADER (EUR 3.2 bn). As both measures are classified as “beyond farming”, the majority of CAP funding for this LTVRA goal is addressing non-farming aspects.

⁴⁰ The analysis uses the urban-rural typology at NUTS3 (sub-regional) level, which equally applies to all Member States and differs from the definitions of rural areas applied by each of them in their programming. NUTS3 regions are quite large in size and even urban regions, where most people live in urban settings, include less densely populated areas where CAP interventions may be relevant.

⁴¹ The relevant measures considered for the analysis of the block of action “stronger rural areas” are M07 – Village renewal, M19 – LEADER (beyond farming) as well as M01 – Knowledge transfer and information (farming) and M16 – Cooperation (joint).

Figure 64: CAP 2014-2022 funding– stronger rural areas (EU paid expenditure, 2014-2022)

Source: Project team, 2024.

Under stronger rural areas, M07 addresses needs related to rural revitalisation, village renewal, e.g. through activities and conversion of rural buildings or other facilities to improve quality of life or increase environmental performance. Land use zoning and spatial planning activities may also be targeted to support the development of municipalities and villages. M19 LEADER supports community empowerment as well as most of the themes listed under this block.

Connected rural areas⁴²

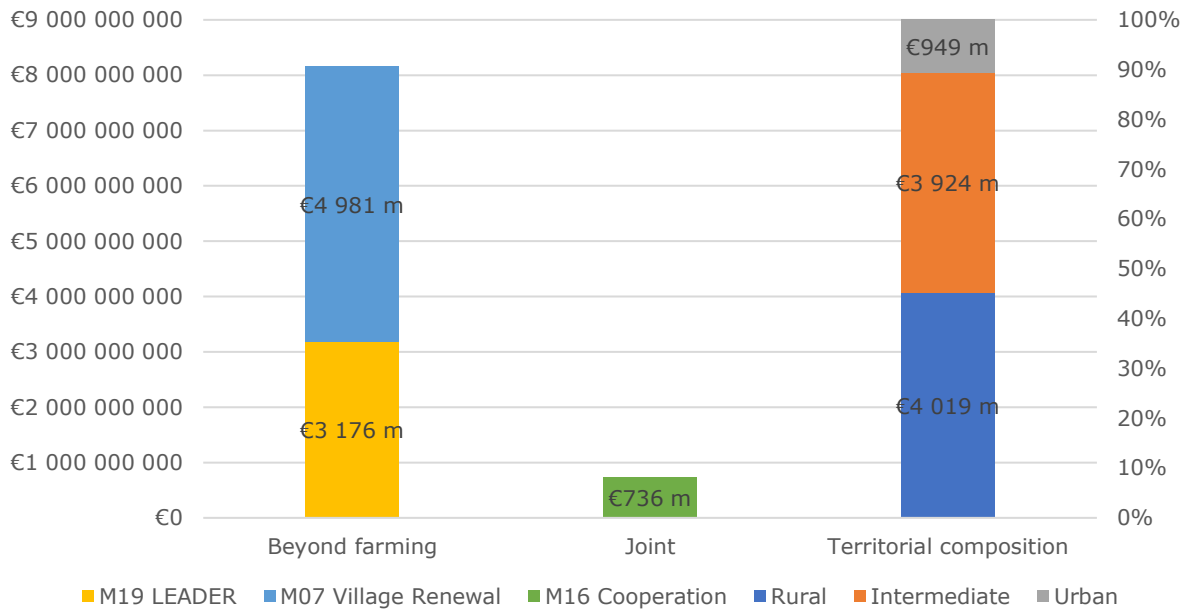
In terms of the territorial allocation of CAP funding, rural and intermediate regions are again relatively equally targeted, urban regions only receive around 10% of the funding. At the level of the three CAP EAFRD measures potentially contributing to this goal, Figure 65 indicates that M07 is the largest potential contributor, representing almost EUR 5 bn, while LEADER M19, second largest potential contributor, accounts for EUR 3.2 bn. However, both figures are reported at measure level and these measures have very broad scope, so will include much funding which is not directly targeting this specific goal. As shown by the effectiveness analysis (section 8) and the funding break-down at Member State level (see Figure 34 in section 7.2) for M07.3⁴³, actual CAP 2014-2022 support for digitalisation was relatively low and uptake characterised by implementation difficulties in several Member States. Thus, Figure 65 likely presents an overestimation of the CAP 2014-2022 expenditure specifically targeting digitalisation and rural mobility.

M07 (particularly sub-measure M07.3) is relevant through its support for investment in the creation, improvement or expansion of small-scale infrastructure, particularly as funding may be used to support areas with limited broadband services or insufficient connection capacity due to e.g. difficult geomorphological conditions which make investment in terrestrial broadband infrastructure economically unsustainable. M19 may contribute through, for example, the digitalisation of services and supporting mobility options to promote inclusion among remote and/or vulnerable populations. M16 support may also be mobilised e.g. for the digitalisation of rural businesses.

⁴² The relevant measures considered for the analysis of the block of action "connected rural areas" are M07 – Village renewal, M19 – LEADER (beyond farming) as well as M16 – Cooperation (joint).

⁴³ Funding data for M07.3 was not available at NUTS3 level at the time of this study.

Figure 65: CAP 2014-2022 funding– connected rural areas (EU paid expenditure, 2014-2022)



Source: Project team, 2024; Note: the entirety of M07 and M19 is funding is counted towards this objective as more detailed funding data is not available at NUTS3. The actual contribution via M07.3 may be lower, as highlighted in 7.2.

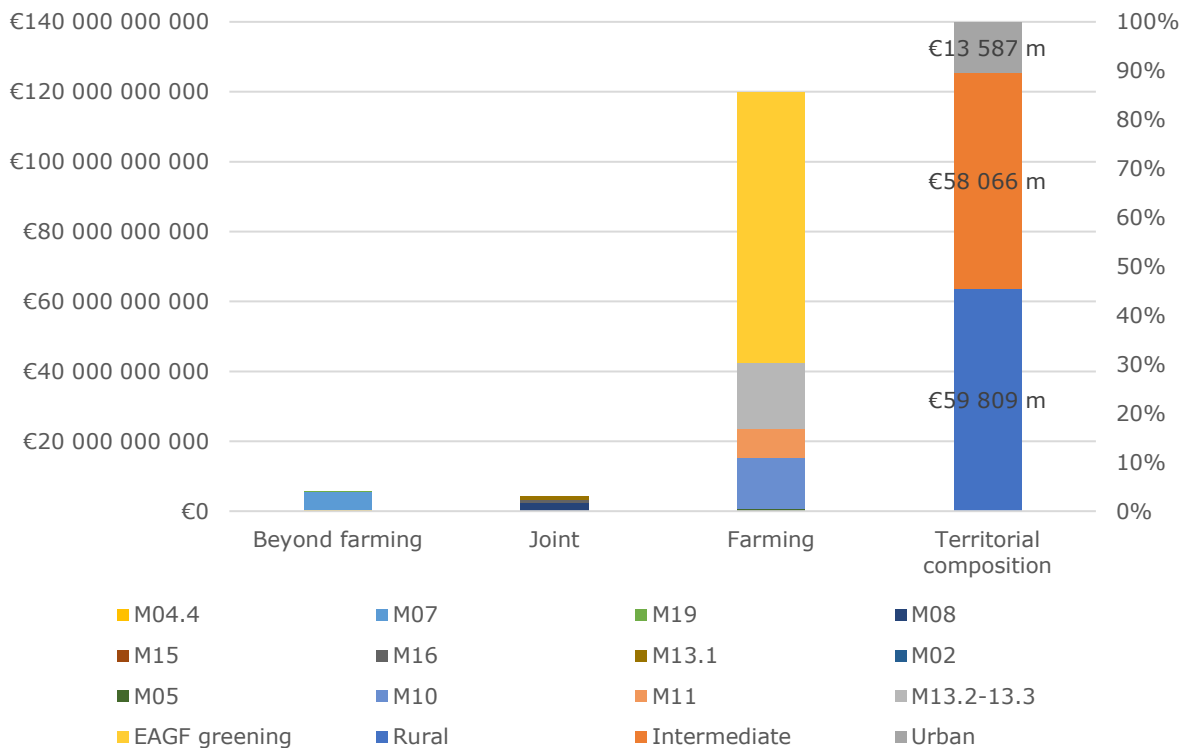
Resilient rural areas⁴⁴

Figure 66 compares the funding allocated (paid out expenditure) to the relevant CAP measures and instruments in relation to the LTVRA goal of resilience. For this block of actions, relevant CAP measures are overwhelmingly from the “farming” category, largely because they cover its greening and agri-environmental measures, and the scale of potentially relevant funding is therefore much greater than it is for stronger and connected LTVRA goals.

LTVRA goals for the resilience of rural regions are supported via farming measures (totalling EUR 119.7 bn), i.e. principally through greening payments as well as M02 – Advisory services, M05 – Natural disasters, M10 – Agri-environmental climate, M11 – Organic farming, M12 – NATURA 2000, M13 – payments to areas facing natural constraints, and M17– risk management. In comparison, the contribution from beyond farming and joint measures to the resilience block appears rather limited, even though it is of a similar scale to that identified for stronger and connected rural areas, at EUR 8.3 bn.

⁴⁴ The relevant measures considered for the analysis of the block of action “resilient rural areas” are M19 – LEADER (LDS funding under environmental protection), M07 – village renewal (beyond farming); farming measures include: M02 – advisory services, M05 – natural disasters, M10 – agri-environmental climate, M11 – organic farming, M12 – NATURA 2000, M13 – payments to ANC (excluding M13.1), M17– risk management, as well as the EAGF greening payments; Mixed or joint measures include: M04 –non-productive investments, M08 – Forestry, M15 – forest-environmental and climate services, M16 – cooperation, M13.1. compensation payment in mountain areas.

Figure 66: CAP 2014-2022 funding– resilient rural areas (EU paid expenditure, 2014-2022)



Source: Project team, 2024; Data based on DG AGRI SFC.

In terms of beyond farming support, M07 provides the bulk of funding in both rural and intermediate regions, notably through support for NATURA 2000 sites and other areas of high nature value, as well as investments in renewable energy and energy saving.

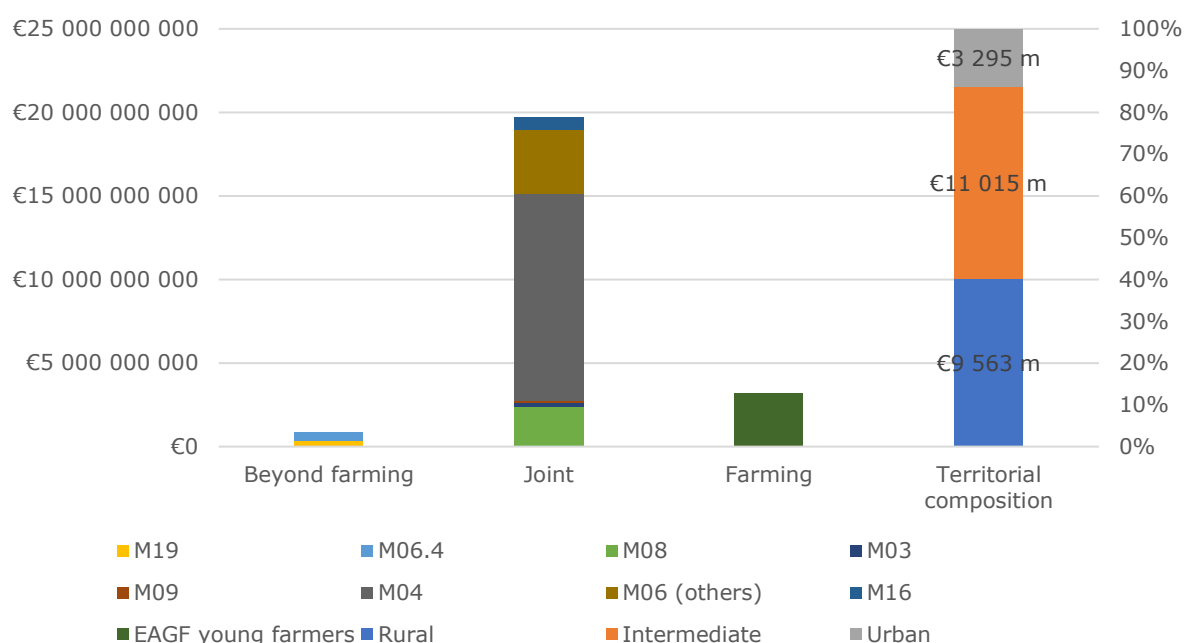
Prosperous rural areas⁴⁵

Figure 67 illustrates the CAP funding contribution to the LTVRA goal “prosperous rural areas”. Under this block, the majority of the funding is through joint measures (EUR 19.6 bn), followed by farming measures (EUR 3.19 bn).

As with the “resilience” goal, this figure is dominated by farm-focused CAP spending, because as well as the significant sums devoted to farming measures, the largest share of joint measure funding is for investments, which is likely to include significant funding targeting farm modernisation and agricultural infrastructure. This is the LTVRA goal for which the largest number of CAP measures and instruments are deemed potentially relevant, which may partly explain why in this figure, M19 is only identified as a minor potential source of funds and M07 is not even visible.

⁴⁵ The relevant measures considered for the analysis of the block of action “prosperous rural areas” are: for beyond farming: M19 LEADER (LDS funding under economic development), M6.4 – non-agricultural business start-up, for joint measures: M03 – Quality schemes, M04 – Investments, M06 (all sub-measures but 6.4), M08 – Forestry, M09 – Producer groups, M16 – Cooperation, for farming measures: EAGF young farmers’ scheme.

Figure 67: CAP 2014-2022 funding– prosperous rural areas (EU paid expenditure, 2014-2022)



Source: Project team, 2024; Data based on DG AGRI SFC.

Overall, the largest amount of CAP 2014-2022 funding (over EUR 134 bn) was potentially supporting the LTVRA resilience goal. The share of beyond farming support in relation to the sheer amount of funding targeting resilience-related needs is limited (due to the strong farming focus of the CAP interventions under this block). By contrast, despite the much smaller amounts allocated, over 95% of the total CAP funding targeting needs under the stronger and connected blocks is linked to beyond farming measures, whereas for “prosperous”, again farming-focused measures dominate the CAP spending of potential relevance to this LTVRA goal, at a scale which is intermediate between the funds relevant to resilient and those relevant to stronger and connected goals.

Funding per cluster of territories grouped by thematic LTVRA needs

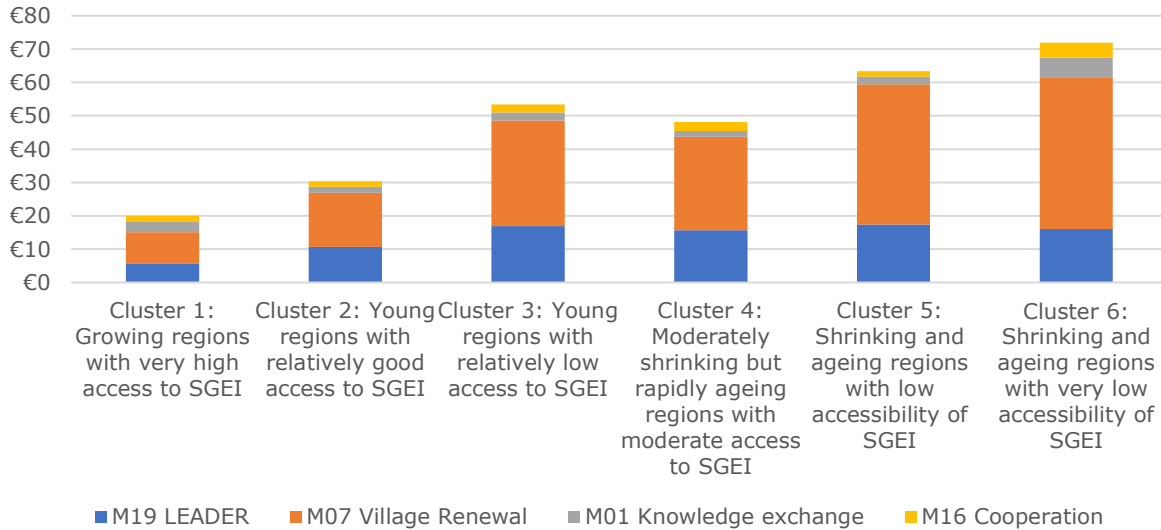
By comparing the pattern of funding to the clusters of rural areas identified for each thematic block of LTVRA, we can analyse whether there is synergy – i.e. to what extent more funding is targeted to those clusters which face the greatest challenges, in respect of each group of needs. These comparisons are made in Figure 68 to Figure 71.

Taken together, these four charts show a very good level of consistency between the intensity of funding per capita devoted to LTVRA needs, and the severity of those needs as expressed in the different clusters, for each of the four blocks of needs. This suggests that where context indicators identify areas facing the most significant needs, the Member States and regions are directing more resources per capita to those areas than they are to other rural areas. Because the funding synergy is with clusters of indicators chosen specifically to match LTVRA needs, this consistent pattern cannot simply be due to higher per capita spend in the most sparsely populated territories (reflecting merely higher costs of delivery). Indeed, it is not always the case that per capita amounts are higher in the least populated territories.

The few anomalies in this general synergistic pattern are found in the charts for resilient rural, and for prosperous rural. In the case of prosperous rural area needs (Figure 68), there is a higher per capita spend in regions with both a good economic performance and a tourism-focused economy, than is found in regions with only moderate economic performance. This might be explained partly by a choice to target funds in response to perceived opportunity (e.g. for rural tourism), which could be higher in cluster 2 than

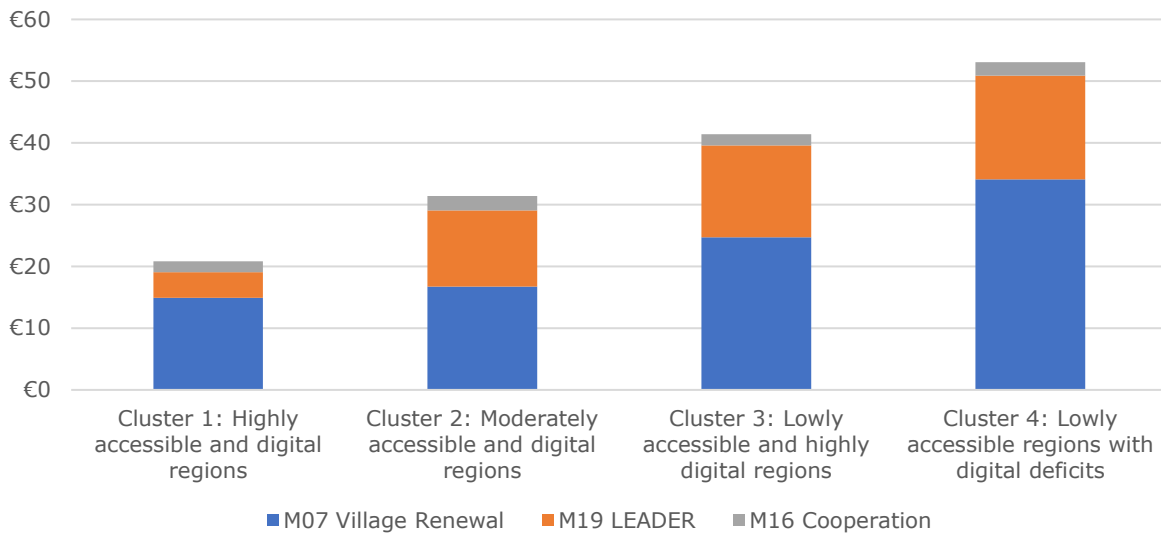
clusters 3 and 4. In the case of resilient rural area needs, we note that cluster 2, which receives more funds per capita than cluster 3, has a high NATURA 2000 coverage. This could represent a particular priority being given for environmental spending to protect areas of existing high value for nature, rather than funding areas of high soil erosion and only moderate NATURA 2000 coverage, as identified in cluster 3.

Figure 68: Paid out EU expenditure per capita (2014-2022) – stronger rural areas

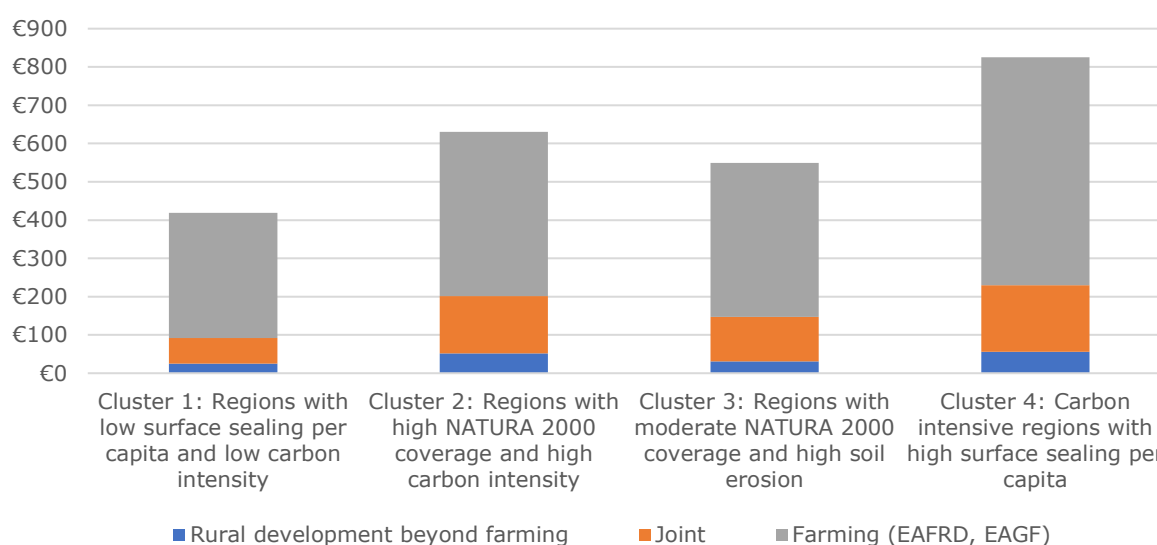


Source: Project team, 2024; Data based on DG AGRI SFC.

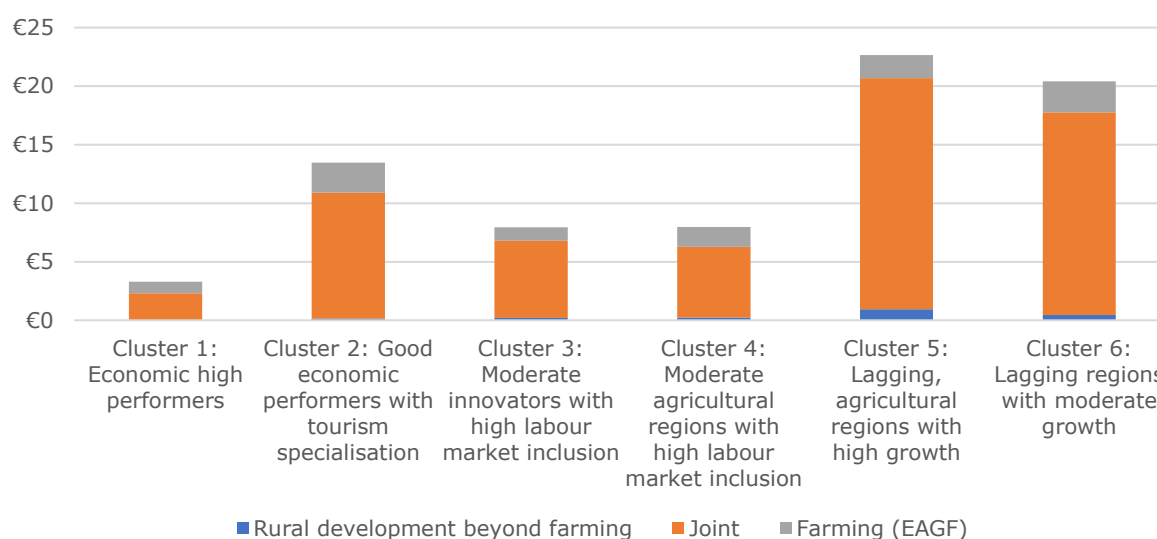
Figure 69: Paid out EU expenditure per capita (2014-2022) – connected rural areas



Source: Project team, 2024; Data based on DG AGRI SFC; Note: the entirety of M07 and M19 is counted towards this objective as more detailed funding data is not available at NUTS3. The actual contribution via M07.3 may be lower, as highlighted in 7.2.

Figure 70: Paid out EU expenditure per capita (2014-2022) – resilient rural areas


Source: Project team, 2024; Data based on DG AGRI SFC; Note: measures and instruments are presented grouped by respective category of funding (see Table 1) to improve readability of the figure.

Figure 71: Paid out EU expenditure per capita (2014-2022) – prosperous rural areas


Source: Project team, 2024; Data based on DG AGRI SFC; Note: measures and instruments are presented grouped by respective category of funding (see Table 1) to improve readability of the figure.

Evidence from case study analysis of RDPs

For **strong rural areas**, most longstanding EU Member States/regions (Spain, Italy, Germany, France, Finland, Austria) identify good coverage of these needs within their RDPs, for 2014-2020.

Specifically, however, **active participation** of stakeholders in decision-making is not discussed in Spain-Castilla-La Mancha, Germany-Brandenburg or Italy-Emilia-Romagna (a possible explanation is that it is not felt to be a relevant need, as this already happens). It is not viewed as a need in Finland or France-Limousin. In Austria it is highlighted that although procedures for stakeholder involvement are in place, women are poorly represented in rural governance. Active participation of stakeholders is not identified as a need in Bulgaria, Czechia, Romania, Croatia, or Ireland (however, it is included under LEADER activities).

There are fairly detailed articulated needs in all case study Member States/regions in respect of **demographic disparities**, including high shares of older people, population decline, a relative lack of women and young people in the rural population and especially in the most remote areas. **Research and innovation** needs are identified in all cases apart from Romania, although emphasis differs – some e.g. Finland, Spain-Castilla-la-Mancha, highlight needs for practical orientation while others (Germany-Brandenburg, Austria) cite an absence of research funding targeting rural issues. While Ireland has a well-established, high-quality public research and development system in agri-food and rural development, research translation and effective knowledge exchange (KE) were identified as a priority need. In other countries insufficient KE, especially the use of science and research results in practice (Czechia) and the need to improve capacities and collaboration (Bulgaria, Croatia) is identified. While **education, training, youth, sport, and volunteering** in rural areas are identified as needs in Czechia, Bulgaria, Croatia and Romania, Ireland and Portugal, their focus is mostly on KE and capacity building in agriculture, and lifelong learning.

All case study RDPs discuss significant challenges of poor **service delivery** in rural areas, which is an increasing problem due to high costs of provision and demographic shifts (decline and ageing), which increase needs for, and costs of, provision. By contrast, no specific needs in **land use zoning** are identified, although in France-Limousin it is stated that LEADER plays an important role in this domain. Also not discussed in Romania and Ireland is **rural revitalisation – village renewal** and demographic change. In Ireland these topics fall under LEADER, while M07 in Ireland is specifically used for renovation of farm buildings as part of the national agri-environment scheme. In Croatia and Portugal there is a focus on generational renewal under this action; while in Bulgaria the focus is on social inclusion of vulnerable groups and Roma and preventing depopulation. LEADER is cited for developing local capacity and improving local governance and collaboration in most RDPs, but not Czechia because these actions are supported by other ESI funds, within its multi-fund CLLD approach.

Table 12: Stronger rural areas – needs identified within RDP SWOT analyses

	AT	DE	FR	IT	ES	CZ	RO	BG	HR	IE	PT	FI	CS total
Active participation of stakeholders in decision making	x	x	x								x	x	5
Rural revitalisation – village renewal and demographic change	x	x	x	x	x	x		x	x		x	x	10
Research and innovation for rural communities	x	x	x	x	x	x		x	x	x	x	x	11
Access to basic services and services of general economic interest	x	x	x	x	x	x	x	x		x	x	x	11
Land use and zoning	x	x				x		x		x	x	x	7
Education, training, youth, sport, and volunteering in rural areas		x			x		x	x	x	x	x	x	8
LEADER/CLLD	x		x	x	x		x	x	x	x		x	9
Smart villages		x										x	2

Source: Project team, 2023, based on CSR; Note: "x" denotes the need was identified in the RDP.

For **connected rural areas**, **digital** connectivity and specifically access to high-speed internet and broadband coverage resonated in the needs analyses in all Member States apart from Croatia and Austria. Even in Austria, a need to enhance the "quality" of connection was identified even though coverage is almost universal. In Portugal a specific need was "widespread increase in accessibility to ICT by agents in the agroforestry sector". Development of computer literacy and skills for the population and workforce is highlighted in Bulgaria, while poor articulation in using different instruments to support innovation is noted in Portugal. Digital innovation is less well covered in other RDPs: Finland and Germany-Brandenburg briefly identify potential for this in rural areas while in Spain-

Castilla-La-Mancha and France-Limousin, digital literacy is identified as a need. Finland notes that its education ensures good digital literacy across the country.

Austria, Spain-Castilla-La Mancha and Finland identify poor rural **transport** infrastructure as a challenge – linked to insufficient resourcing of local government in Spain-Castilla-la-Mancha and Austria, while in Finland it is described as the result of spatial dispersion. France-Limousin, Germany-Brandenburg, Italy-Emilia-Romagna and Finland all discuss problems of limited rural mobility. A lack of specific data was also noted for this topic in Finland, where a new transport policy was developed after the RDP was finalised. Improving transport infrastructures is highlighted as a need in Romania and Croatia, although their focus is on creating access roads for agriculture and forestry. In Czechia the focus is on increasing civic and technical amenity, while Croatia identified a need for urban-rural mobility linkages, developing local utilities, tourist and road infrastructure

Table 13: Connected rural areas – needs identified within RDP SWOT analyses

	AT	DE	FR	IT	ES	CZ	RO	BG	HR	IE	PT	FI	CS total
Digital connectivity (rolling out broadband, fixed and mobile, 5G)	x	x	x	x	x	x	x	x		x	x	x	11
Development of digital technologies (Innovation)		x			x	x		x			x	x	6
Improvement of digital skills		x	x		x			x		x	x	x	7
Improving transport infrastructure on land, water, e-mobility, cycling paths etc.	x				x	x	x	x	x		x	x	8
Rural mobility, including multi-modal digital services, innovative transport solutions		x	x	x			x					x	5
Urban-rural linkages in terms of mobility				x					x			x	3

Source: Project team, 2024, based on CSR; Note: "x" denotes whether the need was identified in the RDP.

For **resilient rural areas**, Finland and Spain-Castilla-la-Mancha discuss the **energy** transition needs of rural areas in detail, while in Austria it is briefly assessed and it is noted in Germany-Brandenburg and Italy-Emilia-Romagna as important, but no details are provided. Energy transition needs are highlighted in Czechia, Ireland and Bulgaria, with different priority areas. While increase in bioenergy and renewable energy is prioritised in Ireland, Czechia focuses on poor competitiveness of renewable energy versus conventional sources. Bulgaria prioritises increasing energy efficiency. Finland and Spain-Castilla-La-Mancha note significant, ongoing investment in renewables in rural areas. All RDPs mention a need for **climate action** except Italy-Emilia-Romagna, but most of them say little about what this means and several note a lack of good information on what exactly should be prioritised. Finland notes that its priority is for energy efficiency and biomass development since there is little realistic potential to reduce agricultural emissions, which are very low anyway. Spain-Castilla-La-Mancha notes risks in adaptation – specifically in respect of wildfires. Romania prioritises adapting to the effects of carbon capture, reducing GHG emissions and focusing on improving quality of advisory and consultancy services. In Portugal, needs identified target irrigation, loss of landscape values, and negative effects of carbon capture on agriculture and forestry. In Croatia, biodiversity, efficient use of water in agriculture and adapting to climate change are noted.

Whilst Germany-Brandenburg notes the high GHG emissions from its agriculture it says little has been done to reduce these. **Soil health** is most fully covered in Finland, Spain-Castilla-La-Mancha, Germany-Brandenburg and Austria, where compaction, excess use of inputs and poor organic matter content are all noted as issues to be addressed, although in Finland many soils are rich in peat (thus high in carbon), so protecting soil from erosion is a priority. Italy-Emilia-Romagna notes sustainable soil management as a general need but gives no further detail. Soil health is most addressed in Croatia and Czechia, and a list of needs linked to this action is identified in Portugal. Czechia and Croatia address declining

soil quality, with Croatia highlighting maintenance of water, soil and air quality and the lack of education and awareness among farmers of the importance and benefits of sustainable management of ecosystems in agriculture. The Romanian RDP identified no needs related to soil health. All RDPs note **greening of agriculture** as a need, covering both reducing pollution from agriculture as well as increasing the area of organic farming. Romania lists maintaining biological diversity and environmental value of agricultural land and forests, water and soil resources. Conservation and preservation of natural resources is also noted in Bulgaria, together with increasing and restoring forest cover. In Portugal, CAP initiatives had significant relevance for preserving traditional agriculture, supporting small-scale farming, environmental conservation, and enhancing climate change resilience. However, there was only a limited targeting of needs beyond farming, also in action fields other than this one, by EAFRD measures.

Considering **social resilience, women and gender equality**, this is only discussed in the RDP SWOTs of Finland, Spain-Castilla-La Mancha, Austria, Czechia and Bulgaria – although it is possible that the issue is mentioned elsewhere in other case study RDPs (for example in the cross-cutting objectives). Where discussed, increasing the role of women is recognised as a relevant need in rural policy delivery. Spain-Castilla-La-Mancha is the only case study RDP to cover social exclusion as an explicit need relevant to all rural areas, while social inclusion features in Romania, Bulgaria and Ireland under LEADER. Specific **care needs of vulnerable groups** are mentioned in the RDPs of Spain-Castilla-la-Mancha and Austria but in other RDPs these may be considered among general services covered in relation to prosperous rural areas. None of the RDPs mention **health and safety at work** as a targeted need, except when citing eligible items in certain training and cooperation measures (e.g. Finland).

Table 14: Resilient rural areas – needs identified within RDP SWOT analyses

	AT	DE	FR	IT	ES	CZ	RO	BG	HR	IE	PT	FI	CS total
Energy transition for rural communities (incl. renovation, European Bauhaus)	X	x		x	X	x		x		x	x	x	9
Climate action	x	x	x		x	x	x	x	x	x	x	x	11
Soil health	x	x		x	x	x		x	x		x	x	9
Greening farming activities	x	x	x	x	x	x	x	x		x	x	x	11
Women empowerment and entrepreneurship/gender equality	x				x	x		x				x	5
Social inclusion (migrants, those with disabilities, minorities, LGBTQ+)			x		x		x	x		x			5
Care services (long-term care, childcare, elderly care)	x		x		x			x			x		5
Health and safety at work								x					1

Source: Project team, 2024, based on CSR; Note: "x" denotes whether the need was identified in the RDP.

For **prosperous** rural areas, all case study RDPs discuss the need for **economic diversification** in rural areas, covering issues such as low value-added enterprises, declining competitiveness and unrealised potential in areas including the bioeconomy (Finland, Austria). **Social and cultural enterprises** are highlighted as needed in Italy-Emilia-Romagna, France-Limousin and Spain-Castilla-La Mancha. In Ireland this topic is included under LEADER. The Finnish RDP pays particular attention to SMEs in its discussion of rural business needs. Czechia, Portugal and Bulgaria focus on entrepreneurship and SMEs, with Portugal citing a need to attract young people with an entrepreneurial spirit, technical qualifications and capacity for innovation, into rural areas. Croatia and Bulgaria prioritise basic services and improving social infrastructure, respectively.

Short food supply chains are mentioned as of interest in Finland and France-Limousin, but this may not mean that the need is unrecognised in the other countries – for example, Italy's RDPs have long supported this goal. The RDPs give varying prominence to providing **employment opportunities for young people**: most of them discuss the need for better

generational renewal in agriculture. Austria notes that youth unemployment is lower in rural areas than urban, which may explain why it is not considered a specific need. Low capital endowment and access to financial services is discussed in Czechia and Romania, while in Bulgaria increased investment in non-agricultural sectors is seen as important for rural diversification. Increasing employment opportunities for young people, including in farming is addressed to different target groups with Czechia, Bulgaria and Ireland focused on young farmers and increasing the attractiveness of working in agriculture. All RDPs identify opportunities for the **bioeconomy** in rural areas, via biomass energy and general forestry.

Italy-Emilia-Romagna and Spain-Castilla-La-Mancha give most attention to fostering better **producer organisations** in their RDPs, while Finland notes that organisation is generally good but weak in specific sectors (potatoes) and Austria says that there are no outstanding needs in this domain, in its rural areas, since producers are well organised. **Labelling and geographical indications** are not specifically cited in all RDP texts as a need, although all provide resources to facilitate this, suggesting that its potential value is widely recognised. Spain-Castilla-la-Mancha notes that labelling is already well-used in its rural territory as a device to enhance value-added. In Croatia the excessive fragmentation of agricultural holdings and disorganisation of producers in the agriculture and forestry sectors reduce the quantity and quality of agricultural and forest products in the market, so the focus of interventions is on organising producers and stronger market positioning. Bulgaria seeks improvement of vertical and horizontal cooperation between agricultural producers, processors and traders, and the Romanian RDP focuses on cooperation and establishment of producer groups.

Table 15: Prosperous rural areas – needs identified within RDP SWOT analyses

	AT	DE	FR	IT	ES	CZ	RO	BG	HR	IE	PT	FI	CS total
Economic diversification (developing new sectors)	x	x	x	x	x	x	x	x	x		x	x	11
Entrepreneurship, SMEs –making rural areas more attractive for them	x	x	x	x	x	x	x	x		x	x	x	11
Social economy								x	x		x	x	4
Developing short supply chains (also in agriculture)	x	x	x			x	x	x			x	x	8
Increasing employment opportunities for young people, including in farming	x	x	x	x	x	x	x	x	x	x	x	x	12
Sustainable bioeconomy, including forestry	x	x	x	x	x	x		x	x		x	x	10
Strengthening producer organisations	x	x		x	x	x	x	x	x		x	x	10
Labelling and geographical indications	x			x	x	x		x			x	x	7

Source: Project team, 2024, based on CSR; Note: "x" denotes the need was identified in the RDP.

9.1.2.3 JC2.3: The CAP 2023-2027 objectives and interventions target the needs outlined by the LTVRA

The evidence base for this judgment criterion mostly relies on literature review and in particular, the studies analysing CAP strategic plans published in 2023 (ECORYS, METIS, and Agrosynergy, 2023; METIS., Agrosynergy., and ECORYS., 2023). Unless otherwise specified, all figures and intervention details presented in this JC come from that report.

Approximately EUR 24.6 bn or only 8% of CAP 2023-2027 funding⁴⁶ is explicitly linked and directed to rural development. While this amount is similar to the EUR 28.3 bn dedicated to "beyond farming" measures in 2014-2022, the authors (ibid) apply a much broader definition than in this current study to identify rural development beyond farming, including some of the support classified as "joint" in this study. Joint support, in terms to

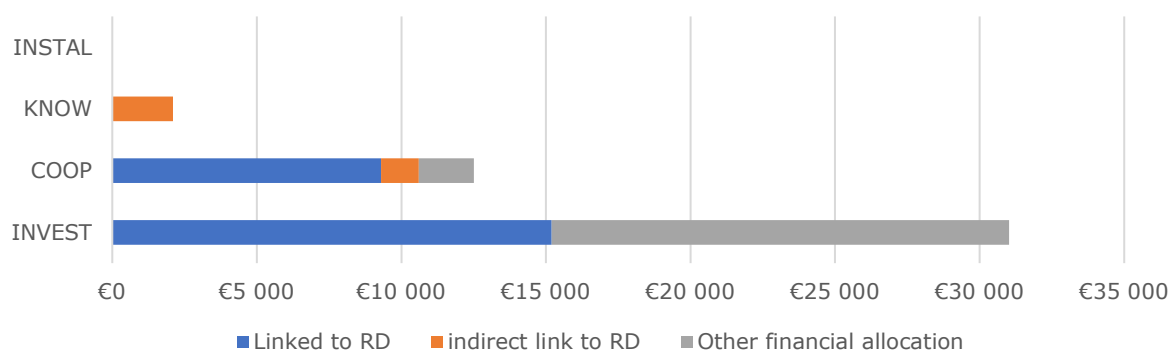
⁴⁶ Total public financial allocation co-financing included, but excluding KNOW and O.1 COOP interventions not linked to SO8.

total public expenditure, amounts to EUR 65.9 bn (or EUR 101.1 bn when also counting M13). Specific objective (SO) 8 “jobs and growth in rural areas” is expected to be the most important SO targeting the needs outlined in the LTVRA, in comparison to other SOs. Based on the CAP strategic plans (as approved in December 2022), rural needs such as employment; women’s employment and participation in farming; LEADER/CLLD coverage; smart villages strategies; local services and infrastructure are targeted via this SO (ECORYS, METIS, and Agrosynergy, 2023; METIS., Agrosynergy., and ECORYS., 2023).

The interventions with strong links to the LTVRA include **cooperation** (EUR 10.6 bn)⁴⁷, **investment** support (EUR 15.3 bn)⁴⁸, the **installation** aid dedicated to rural businesses outside the agricultural sector (EUR 63 m)⁴⁹, and funds supporting **knowledge** exchange (EUR 2.1 bn)⁵⁰. These interventions (see Figure 72) are mostly linked to SO8 but not only, and present approximately EUR 28.1 bn of contributions (direct and indirect) to rural development needs identified in the LTVRA. All four contribute to the four blocks of action of the LTVRA (stronger, connected, resilient and prosperous).

Several additional intervention types with a farming focus are also expected to contribute to rural development beyond farming, particularly to contribute to resilient rural areas and prosperous rural areas, where agricultural support plays a more prominent role. The stocktaking study identifies contributions to more resilient rural areas via the intervention types i) areas with natural or other area-specific constraints (ANC); ii) environmental, climate-related and other management commitments (ENVCLIM); iii) investments and investments in irrigation (INVEST); and iv) the EAGF-funded eco-schemes. Concerning prosperous rural areas, the interventions of sectoral support, basic income support for sustainability (BISS), complementary redistributive income support for sustainability (CRISS), installation aid, and complementary income support for young farmers (CIS-YF) are all considered relevant.

Figure 72: Total public funding linked to rural development beyond farming by type of intervention for 2023-2027 (million EUR)



Source: Reproduction of ECORYS, METIS, and Agrosynergy (2023), based on DG AGRI Agri-food data portal (2024). Note: Concerning the type of intervention INSTAL, 1% of is considered having a direct link to rural development (funds linked to 0.27) but is too small to appear on the graph.

The stocktaking study notes that the CSPs 2023-2027 do not address all **actions or needs** identified by the LTVRA in an equal manner. Needs under the LTVRA **stronger rural areas** are targeted quite well by the CSPs. CAP 2023-2027 support to **connected rural areas** is less pronounced than in other action fields, despite the role of EIP-Agri in digital innovation. Support for internet connectivity is also not very prominently targeted across

⁴⁷ Comprises COOP funds linked to linked to SO8 (mostly LEADER (around EUR 9.3 bn) but also EIP interventions (around EUR 1.3 bn).

⁴⁸ Comprises funds supporting off-farm or infrastructure investments but excluding infrastructure investments clearly targeting the agricultural sector only.

⁴⁹ Intervention not linked to SO8 but still deemed to contribute indirectly to needs identified in the LTVRA by the referenced study.

⁵⁰ Comprise funds to intervention directly linked to SO8.

the CSPs. Interventions targeting the LTVRA block **resilient rural areas** are generally highly relevant for environmental and climatic needs. Social resilience and other issues are not as emphasised. The social inclusion of vulnerable groups remains mostly centred around young people/farmers, rural women and women in the agricultural sector. These groups are rarely addressed through direct targeting, rather benefitting from prioritisation in some of the cooperation or investment interventions. However, this may evolve as LEADER/CLLD implementation picks up, since the contributions within LEADER local development strategies were not yet known when the study was undertaken (see below). The action field **prosperous rural areas** receives a relatively more limited contribution in terms of rural development support beyond farming measures in the 2023-2027 period. A summary of the main contributions of CSPs 2023-2027 to the LTVRA, in terms of rural development beyond farming is given in Table 16.

Table 16: Overview of CSP 2023-2027 contributions beyond farming to the LTVRA

	Mostly addressed by the CSPs	Limitations of the CSPs
Stronger rural areas	Empowerment of communities; promotion of innovation; smart villages (via a majority of CSPs); rural infrastructures and improving access to services, (road, water infrastructure, health care and education...)	Knowledge exchange and capacity-building are focused on environmental and climate related topics in the farming sector; only two interventions address innovation needs beyond farming
Connected rural areas	Smart villages; strengthening digital capacity building via EIP and KNOW; uptake of digital business models	Digitalisation and connectivity support mostly geared towards agricultural and forestry sectors; mobility support targeted at road networks extensions and improvement
Resilient rural areas	Sustainable technology and practices; mostly addressing forest-related actions via INVEST and ENVCLIM; renewable energy; restoration and protection of rural environments	No direct reference to actions towards the climate resilience of rural communities; social resilience addressed to a limited extent.
Prosperous rural areas	Enhancing innovation and the competitiveness of rural economies; tourism (small-scale and eco-friendly) and related infrastructure investments via LEADER; support to bioeconomy via INVEST and COOP interventions; generational renewal via INSTAL.	Limited impact is expected in terms of diversification of rural areas beyond agriculture, bioeconomy and food processing. Farmers remain the main target group of related interventions

Source: Project team, 2024, based on ECORYS, METIS, and Agrosynergy (2023).

There is an important caveat to these conclusions. Many EAFRD contributions will happen via LEADER local development strategies, but details of these were not available to the 2023 studies as these strategies were in the process of being submitted and approved, so they were excluded from assessment. This is an important limitation of this principal evidence source. The LEADER evaluation (Dwyer et al, 2020) identified LEADER as key to the targeting and delivery of CAP goals relating to social inclusion, as well as other fields such as diversification beyond agriculture, and skills and training (e.g. to increase digital literacy).

Evolution of financial allocation between 2014-2022 and 2023-2027

Compared to the previous programming period, LEADER in 2023-2027 remains an important intervention for rural development, both in terms of its EAFRD share, and the number of needs that it addresses. However, several Member States have reduced their total financial allocation to LEADER, citing an intention to implement it with greater efficiency. The overall ambition tied to investment support has fallen in the 2023-2027 period. Investment interventions in terms of rural development beyond farming saw their scope reduced (e.g. a reduction in the targeted share of population benefiting). These

changes might suggest a relative weakening of the EAFRD's focus on wider rural and social goals, in favour of sector-focused outcomes, as judged at pan-EU level.

Continued relevance of identified needs in 2023-2027: reflections from case studies

To some degree, some of the needs identified in 2014-2022 are no longer relevant for the CAP for all rural areas in some of these countries because they appear to have been successfully addressed in the intervening period, or are targeted by other funds. This is discussed here specifically for four case studies (Finland, Spain, France and Croatia), in which the case study teams identified this to be particularly pronounced.

This would be the case, for example, in respect of rural poverty and transport needs in many rural areas of Finland – although both remain a challenge for the most remote municipalities. It could be suggested that if anything, the localisation of such needs has become more evidently linked to inaccessibility and remoteness than it was in 2014, in Finnish rural areas. Meanwhile, other needs have become even more relevant since 2014 – notably gender imbalance in the most remote rural areas. Overall, EAFRD is reported as remaining very relevant for targeting rural needs in Finland, both within and beyond LEADER.

In Spain-Castilla-La Mancha it is judged by case study authors, based on the literature, that CAP funding in the past tended to prioritise competitiveness over social inclusion and thus an overall impact of the policy was to increase disparities in income and rural vitality between the intermediate and the more remote rural areas. The development of Integrated territorial initiatives in 2014 was an innovation designed to help address this challenge; nevertheless, the regional administration notes that needs persist over longer time periods than CAP funding cycles, therefore most of those identified in 2014-2020 remain relevant for 2023-2027.

While there are major needs in Croatia's rural areas, according to interview findings none were left untargeted in 2014-2022. However, change, and addressing some of the more fundamental needs, is slow, so all needs remain relevant. Having completed EU accession during the last programming period, the 2014-2020 focus of RDP implementation was to strengthen the agricultural sector overall, and it was difficult to address all rural needs with the CAP, meaning that CAP was less relevant to the social and environmental goals of "resilient rural areas". The systemic and long-term nature of some rural needs requires ongoing support and cannot be adequately addressed in one programming period. Also, there was a programming shift in 2023-2027 to focus on green and sustainable technology, which has high potential in rural regions in Croatia, but with significant needs in terms of education and capacity building. Interviews indicate that climate action and green development are broad and difficult areas to address, and that despite targeting, much work remains in this area.

In France-Limousin, EAFRD addressed many needs of rural areas, in particular through measures M07 and M19, but the funding was not sufficient to fully meet these needs. CAP pillar 2 is seen as one source alongside national or regional funds to meet the non-agricultural needs of rural areas. Looking ahead, the CAP remains less appropriate to meet rural needs requiring large investments, e.g. to support enterprises or productive investments for rural areas beyond farming.

9.2 ESQ 3: To what extent is the CAP 2014-2022 relevant where: a) a holistic rural strategy, actions plan or programme exists; b) there is a political commitment to support rural areas; c) there is no information on the existence of a holistic rural strategy, actions plan or programme?

9.2.1 Summary answer

The CAP funds are relevant in targeting needs in rural areas across the EU, irrespective of whether the MS have a holistic rural strategy, a political commitment to support rural areas, or no specific rural strategy beyond the plans and programmes governing EU funds in their territories. As was already discussed for ESQ2, the evidence suggests that CAP targets some types of need to a greater extent than others, but case studies demonstrate that it provides a range of relevant measures and instruments enabling Member States to tailor funds to their needs and local contexts, reflecting their priorities. The case studies also suggest that Member States with no specific holistic or politically committed strategy may actually use the RDP as a key strategic document to identify and target rural needs. Commentary from case studies suggests that funds may be more efficiently targeted where more holistic approaches exist, but the challenges to efficient targeting in those Member States without such approaches seem to be more often about weak governance and administrative capacity than about inappropriate targeting or a lack of relevance. The analysis for other ESQs suggests that the existence of a specific national or regional rural strategy in addition to the programmes and plans of EU funds can enable more effective co-ordination and actions, but it is not a key determinant of relevance.

9.2.2 Answer based on the judgement criteria

9.2.2.1 JC3.1: The CAP 2014-2022 as implemented by the Member State(s) targets relevant needs of rural and intermediate regions

Already in answering ESQ2, considerable evidence has been presented that demonstrates how CAP funding is targeting relevant needs of rural areas, across the EU. The review of the extent to which EAFRD is targeting funding in accordance with relative needs as identified from the clustering exercise around LTVRA blocks of action (Figure 68 to Figure 71) shows a clear correlation between funding amounts per capita and the relative severity of the different types of need in each cluster, such that more funds are targeting territories with more significant needs, and in relevant ways. In addition, the evidence listing which CAP measures are targeting which LTVRA needs in the case study Member States and regions (discussed under JC 2.1), shows how different countries and regions tailored their selection of measures and sub-measures to address needs in contrasting ways that reflect their particular situations. Thus, it is possible to conclude positively on this JC without presenting further evidence.

One significant limitation should be noted, in addressing this JC. In those Member States which struggle to deliver EAFRD programmes efficiently due to a lack of capacity in the public administration and/or in policy making (among the case studies, this would include Romania, Croatia and to a lesser extent, Portugal and Bulgaria), it is noted that this challenge weakens the ability of RDPs to deliver against their own targets and aspirations. So, although in principle the funds are targeting relevant needs, in practice they may fail to address them due to ineffective implementation. In respect of sub-measures with potentially complex demarcation rules (e.g. funding for rural broadband), evidence presented to answer ESQ1 indicates that this can hamper or discourage use, in ways which reduce the relevance of the overall funding package, because key needs then remain unmet. Finally, it should be noted that relevance has to be assessed within the broader EU funding context, in each country or region, such that in territories where funds play clearly complementary roles (as illustrated most clearly for CLLD, e.g. in Czechia), it is entirely relevant for CAP to target only some rural needs because ESF or ERDF is the funding source chosen, to cover the other needs. This topic is explored in more depth in the answers to coherence ESQs 5, 6 and 7.

9.2.2.2 JC3.2: The CAP 2014-2022 targets actions in the strategic frameworks for rural areas of the Member States

An overview of rural governance approaches is highlighted in section 2.4. Evidence to address this JC comes from the case studies, as follows.

In **Italy**, the Italian inner areas strategy is a national multi-fund policy, targeting specific interventions in the most peripheral areas of the country in terms of access to fundamental needs and lagging development. There is continuity between the 2014-22 and 2023-27 periods in supporting this national strategy under a multi-fund approach, also extending the number of inner areas funded in Emilia-Romagna. The territorial approach remains at the core of the regional policy, under the support of both European and national funding. Emilia-Romagna's RDP targets non-farm funds into business start-up and development, basic services, cooperation and LEADER, and together these measures are planned to use 7.5% of the total RDP public funds for the period. Needs emerging from developing new activities in rural areas and providing services for rural populations were covered with limited resources from EAFRD in 2014-2022. Some pilot and experimental initiatives were funded by the regional administration whose results, however, have not been fully evaluated. Needs for services, housing, SME firms' investments, etc., were also covered by additional national and regional funds, aiming to revitalise the most marginal rural areas. However, planned financial resources were not sufficient to cover all these needs, as the over-subscribed calls in the Emilia-Romagna housing and in-migrant funding initiative highlighted (see discussion under JC3.3 below).

In **France**, Limousin has developed its own strategy for the targeting of RDP funds based on the needs of its territories and its policy. Regarding LEADER and their LAGs, the Limousin RDP recommended three regional priorities for LAGs (M19): digital technology (in complementarity with ERDF-funded support for broadband upgrades), the development of culture, sport, heritage and tourism, and the territorial innovation approach to the priority themes of territorial policies. The EAFRD 2014-2022 has addressed some of the needs identified by the new French national "agenda rural", particularly in the areas of access to services, the revitalisation of town centres and the development of small local businesses, ICT, health centres and soft mobility. But actions supported by the EAFRD 2014-2022 beyond farming are primarily instigated at local level. Their relevance is mainly linked to local and regional strategies, and to the territorial instruments put in place to address the needs of local players and find corresponding sources of funding. Interviews with regional and local stakeholders appear to show that the launch of the agenda rural has not influenced the relevance of actions carried out under the 2014-2022 CAP. Despite the state's desire to develop a holistic bottom-up strategy, it appears that in France, and in Limousin in particular, rural needs are in fact expressed and addressed at territorial level, in a more local approach. Limousin targeted a wide array of rural needs⁵¹ highlighted in the agenda rural using LEADER as a main tool, with funding amounting to approx. 2% of total EAFRD. Other areas covered by France's agenda rural are also targeted to a lesser extent such as housing, environment or energy transition. The flexibility of LEADER enables a very wide range of themes to be covered in order to meet certain territorial needs. LEADER's flexibility also makes it possible to fund projects from more marginal or innovative areas that are not covered by other support schemes.

In Brandenburg (**Germany**), the RDP used measures 1 and 2 for non-agricultural business training and advice, especially for forestry. It also deployed village renewal and basic services; co-operation; and LEADER: the latter was a particular focus of support. The budget devoted to these measures amounts to EUR 526.9 m, which is 38.9% of the total EAFRD budget for the period: a notably high proportion. In Brandenburg, the CAP thereby makes a clear contribution to funding for rural development. However, it is noted by case study interviewees as only one of many thematic funds and policies contributing to this goal.

⁵¹ Including physical investments in tourism, leisure and renewable energy, village renewal, social and health services, forestry, cooperation.

In **Spain**, Castilla-La Mancha targets EAFRD at needs beyond farming under the themes of its integrated territorial partnerships⁵². Main measures applied in this framework include M03, M04, M06, M07, also M08, M09, M16 and M19. This amounts to a total spend of EUR 294.6 m. The main national or regional plans and strategies to which the RDP has contributed are the law on the statute of rural women in Castilla-La Mancha and the law on measures to tackle depopulation. The CAP 2014-2022 contributes to the objectives of these plans, in particular via the introduction of selection criteria in calls for projects in favour of projects led by women, or carried out in rural areas at high risk of depopulation. One example, in the framework of the Castilla-La Mancha Rural Women's Statute Law, was the seminar "gender approach in local action groups" developed in 2021, with the aim of promoting the objective of gender equality through the integration of the gender perspective into the projects implemented by LAGs. In the case of the national policies against depopulation, RDP actions support these, and representatives of the EAFRD were involved in planning of the strategy.

In **Austria**, there is no consistent support in the CAP 2014-2020 for rural strategies, action plans, agendas, or programmes, as these exist only by sector or at lower federal levels. There is no uniform national planning or funding for non-agricultural rural development. The Austrian spatial development concept 2030 offers an overarching strategy for regional and rural development, but this applies across all types of regions. Nevertheless, there are efforts like the "master plan rural area – boosting rural areas" by the federal ministry for agriculture, which targets the nationwide development of rural areas beyond agriculture, but it is more strategic than operational, non-binding and does not include funding. The nine federal provinces have strategies⁵³, but only minor integration with the EAFRD 2014-2022 was noted, if at all. EAFRD 2014-2020 supports the development of innovative tourism pilot projects in rural areas that are embedded in overarching tourism concepts and in federal or state strategies. Within the EAFRD, the most important measures for investments beyond farming include M19 LEADER and M07 village renewal (e.g. for environmental support, broadband and basic services). Joint support is prominent via M16 cooperation (particularly in tourism) and M08 forestry (supporting renewable energy production) and a minority of support of M01 and M02 is used outside the farm sector.

In **Finland**, out of a total of EUR 2 360 m of EAFRD planned spending over the period, the funds devoted to non-farm RD measures and sub-measures were: EUR 420 000 for non-farm training, EUR 107.9 m for non-farm business start-up and development; EUR 33.6 m for basic services and village renewal; EUR 1.2 m on non-farm cooperation and EUR 20.6 m on cooperation in food processing and marketing; and EUR 126 m for LEADER. The share of EAFRD spend on non-farm measures was around 12%. In Finland, the national rural policy has wider targets than CAP and EU funds but it is principally delivered by EU funds. In that sense, from 2014 onwards, CAP funding has been targeting relevant needs as expressed in the national rural strategy.

Croatia does not have a dedicated framework for rural areas outside of the CAP 2014-2022 and a general strategy for agricultural support. EAFRD 2014-2022 includes measures targeting rural development beyond farming, including primarily M19 and M07, but also funding for eco-system support from M01 and M02. M06 and M04, as well as M17 disaster risk reduction measures target issues beyond agriculture and seek to improve resilience for rural communities. Support for green technologies is included, including M04 with 26% of funding directed toward priority 5, and 19% of M10 agri-environmental climate. However, these are challenging topics to address and still much work remains to be done to achieve these goals.

⁵² The integrated territorial partnerships seek to address a comprehensive array of needs via nine strands, including access to technologies, modernisation and diversification (including of farms), tourism, economic sustainability and environmental protection, quality of life and training.

⁵³ Such as the "Lower Austrian regional strategy 2030", the "Carinthian village and regional development programme" or the "regional development act from Upper Austria".

Portugal has a strongly sectoral focus in its EAFRD 2014-2022 support, with limited targeting of rural needs beyond farming. It has regional rural development organisations that coordinate measures for rural tourism and services, including investments in tourism infrastructure, accommodation and services, and farm diversification. It also has an interior valorisation programme planned at national level. The case study found that these programmes did not significantly change the delivery of CAP 2014-2022 or other EU funding, instead introducing minor elements, such as positive discrimination for regions with low population density, for some programmes. In the 2014-2022 programming period, LAGs implemented EAFRD investment support beyond farming, namely village revitalisation which was mainly targeted at Madeira and the Azores. Portugal also implemented multi-funded CLLD during the 2014-2022 period, making comprehensive use of cohesion funds via a diversity of models (i.e. LAGs used different combinations of funds to implement their strategies, with ESF playing a strong role).

Ireland had a national action plan for rural development “realising our rural potential” (2017-2019), the first ever whole-government strategy targeting rural Ireland. It applied a mix of national and EU funding to target rural needs beyond farming, but EAFRD funding delivered via LEADER was particularly important for this. The national policy “our rural future 2021-2025” builds on and goes beyond the previous action plan. It is a comprehensive policy underpinned by commitments across government departments and agencies, supporting the economic and social progress of rural Ireland. It advocates a holistic, place-based approach and supports the delivery of other key government policies and objectives, with a focus on sustainable and inclusive rural development. It complements other government policies and initiatives such as “project Ireland 2040”, the “national economic recovery plan”, the “climate action plan”, and the “national broadband plan”. CAP funding is an integral part of the policy and plays a significant role in fulfilling commitments translated to very specific measures within annual work plans. CAP primarily targets needs linked to agri-environment, capacity building (agriculture and rural communities), knowledge exchange, and socio-economic development via LEADER. Non-agricultural rural development was only identified for M19 LEADER. The programme was administered by 29 LAGs across the country. More than 5 600 projects with a value of over EUR 241 m had been approved by the end of 2022. Other RDP measures primarily target the farm sector, with limited potential for joint support under M16 cooperation, M01, M02 and M04.

In **Czechia**, CAP funding mostly targeted the agricultural sector, including agri-environment, support for farmers and cooperation via M16. Non-agricultural needs were targeted mostly through cohesion policy operational programmes and a limited level of national and regional funding, as Czechia implemented multi-funded CLLD. The RDP opened calls outside agriculture only under CLLD for basic services and infrastructure, as well as cultural heritage. During implementation (in 2019) the ministry of agriculture added a new measure: “Basic services and village renewal in rural areas and additional equipment”. More than a quarter of projects supported by LAGs were for non-agricultural businesses. CLLD, which in Czechia included ERDF and ESF, was crucial for targeting support for rural development beyond farming from these other EU funds.

Bulgaria does not have a dedicated framework for rural areas beyond the EAFRD 2014-2022. RDP support to rural development beyond farming includes, however, several measures: M06 (particularly M06.4), M07 (especially M07.2, M07.3, and M07.6), as well as M16 and M19 LEADER/CLLD. Further, M21 – Emergency temporary support for farmers and SMEs particularly affected by COVID-19 and M22 – Emergency temporary support for farmers and SMEs particularly affected by the consequences of Russia’s invasion of Ukraine are also programmed and may be classified as joint support to address needs in rural areas. Similarly to Czechia, Bulgaria also implemented multi-funded CLLD addressing a variety of non-agricultural needs via cohesion policy funds, with a significant role for ESF.

Romania does not have a dedicated strategic framework to support rural areas beyond the CAP, and no historic tradition of supporting rural development. EAFRD support is especially prominent in small scale infrastructure for investments beyond farming. There

is general agreement that LEADER in Romania is not expected – or indeed capable – to directly address poverty reduction. The scale of the challenge presented by the high levels of persistent poverty and the huge gaps in living and social standards that exist are too immense. Instead, poverty reduction was addressed more widely in the RDP 2014-2020 via measures M07.2 and M06.4 in addition to LEADER, as well as a range of other initiatives supported with national, EU and international funds. NGOs and the voluntary sector play a key role in poverty alleviation in Romania. Social inclusion is addressed more directly by LEADER, together with some contribution from M07.2. The Roma population is one important target group for these measures, but many other vulnerable groups exist including children “left behind” with family and friends as their parents work abroad. Specialist NGOs have expressed disappointment with LAGs regarding their commitment to engage fully and effectively with the very specific challenges of the Roma community in Romania.

Overall, therefore, these findings support the judgement that case study MS and/or regions which have national, regional or more local holistic or integrated territorial strategies for rural areas are able to target CAP funding towards the goals of these strategies. However, answers to other JCs for relevance provide more insights.

9.2.2.3 JC3.3: The approach in which the CAP is targeting rural needs differs whether there is (a) a holistic strategy, (b) political commitment, or (c) other types of frameworks

As suggested by the answers to ESQ2 and ESQ3 JC3.2, EAFRD in the 2014-2022 period was targeting needs relevant to the rural non-agricultural areas in each of these MS and regions, which were also acknowledged in their rural strategies, where these existed. However, the way in which this was done and the relative contribution of EAFRD funding alongside other EU and national funds, differed between countries and regions, largely due to the different ways in which such strategies were conceived and structured. 2.44.2 In **Italy** Emilia-Romagna, targeting of funds to the country’s “inner areas”, as defined in the national level holistic strategy, broadly corresponds to targeting the needs of rural territories within each region. As such, it is part of a national strategy that ensures specific national and regional funding and attention is given to these areas, alongside the EU funds. Nationally funded measures for these areas in the region supported housing costs for immigrants and associated actions designed to encourage people to move into mountainous and more remote areas. They proved very popular, with funds heavily oversubscribed. These actions were complementary to the EU funded actions which are delivered through multi-fund programmes designed at regional level, which should ensure targeting and relevance for each region’s specific conditions.

Ireland’s (holistic) strategy “realising our rural potential” comprehensively targets rural needs beyond farming via 277 actions. These actions include support to enterprises and employment, quality of life, rural tourism, culture, as well as infrastructure and connectivity. The successor strategy “our rural future” (2021-25), is to be delivered and implemented progressively. Each deliverable is led by a nominated government department, state agency or other body. Implementation is co-ordinated on behalf of the government by the department of rural and community development, via annual action plans that list specific measures under each topic area, including their source of funding. The action plan progress is monitored quarterly (including publication of a progress report). “Our rural future” focuses on actions closely aligned to the LTVRA, including internet access, quality employment, village renewal, public participation and governance, as well as green transition, among others. The commitments are funded through a mix of EU and national funding sources and CAP, via both farming and beyond farming components, is an integral and very significant part of the funding structure.

In **Finland**, the Finnish rural strategy is largely achieved through targeted EU funding, of which EAFRD is the largest and most significant part, while other EU funds (ERDF and ESF in particular), and national funding, play minor and complementary roles. Other ESIF target larger-scale infrastructure investments and national funds covering research and

innovation. All of these objectives are relevant in targeting the needs of Finnish rural and intermediate areas and show strong political commitment.

Czechia did not have a holistic rural strategy prior to 2021⁵⁴, and there was no single overarching approach to rural development. However, the Member State applies highly integrated funding from the ESIF 2014-2020 to target rural development, primarily via LEADER and cohesion policy. The role of the EAFRD is comparatively low in targeting rural development beyond farming, it mainly targets agricultural and forestry needs. However, its strong integration with cohesion policy funds to target rural development needs (see also ESQ5), despite the lack of a fully holistic strategy, shows strong political commitment to rural areas.

In **Portugal**, which does not have a holistic rural strategy, EAFRD seems the most significant source of funding targeting rural areas, despite the existence of national programmes and strategies (such as the interior valorisation programme). Nevertheless, Portugal has adopted territorial development contracts to promote integrated development in specific rural territories, which involve partnerships between local authorities, private sector entities, and civil society organisations to address local challenges and seize opportunities. The main challenges are: digitalisation and innovation; sustainable tourism; social inclusion; and environmental sustainability. The funding consists of various sources including ERDF and ESF. CLLD was also in place during the 2014-2022 period.

Romania doesn't have a specific rural strategy: there is very little evidence of any strategy or holistic framework beyond CAP 2014-2022 measures. Pillar II of the CAP 2014-2022 therefore is the rural area approach and the relevant ministry is reported as having relatively limited capacity for major strategy making exercises.

Bulgaria does not have a dedicated long-term national strategy to support the needs of rural areas, nor specific national funding other than that required for co-financing. Bulgarian policy for rural areas emerged in response to the EU policy framework. The main support for the needs of rural areas is defined in the RDP and comes from the CAP. The usual understanding is that the rural areas in Bulgaria are very depopulated, and that the main employment (except that in public administration) is in agriculture, therefore policy is primarily focused on meeting the needs of farming. Additionally, there is a shared understanding in the agriculture administration that the CAP funds (both EAGF and EAFRD) are for agriculture, not for rural/territorial development. Implementation of the CLLD approach is in accordance with a concept prepared at the national level and is part of the approved partnership agreement of 2014-2020, i.e. there is a clear commitment to support multi-fund implementation of CLLD, as well as an established mechanism for coordinated implementation for 2014-2022. According to case study interviewees, CAP 2014-2022 funding was tailored to needs, but project implementation was unbalanced: larger rural municipalities succeeded in managing more projects than small municipalities with low administrative capacity, and there was no prioritisation for municipalities located in peripheral, mountainous and semi-mountainous territories.

As elaborated above, the approach, i.e. how the CAP 2014-2022 targeted rural needs differed in all these cases, depending on the MS policy context and the mix of national and other EU funds also deployed. This is discussed further under ESQ4. Among the case study countries and regions without a strong commitment or holistic strategy, Bulgaria, Romania and Portugal use CAP funding in two main ways: supporting agricultural development and agri-environmental goals across the territory, but working with a clearer "beyond agriculture" agenda in targeted areas (LEADER, or multi-fund CLLD or integrated territorial initiatives delivering EAFRD in an integrated way with ERDF and ESF), where its goals are

⁵⁴ A rural development concept has since been developed by the ministry of regional development and is closely linked (in respect of funding) to the regional development strategy of Czechia 2021+. Implementation is secured through action plans, financed through a mix of EU and national funding. National funding plays a small, complementary role. The rural development concept follows similar principles and goals to the LTVRA, elaborated via a broad cooperation with multiple stakeholders and adopted by the government in January 2020.

broader. However, in Germany, Brandenburg region has a more comprehensive broad approach that channels a large share of EAFRD through its LEADER programme but notes the rural influence of other funds and initiatives. In those Member States with strong political commitment, Finnish interviews note the unique rural role of EAFRD in supporting their most remote areas, while in Czechia a much clearer multi-funding approach is noted. So, it is not possible to say that there is a clear link between CAP funding relevance and the presence, absence or holistic nature of any national or regional rural strategy.

9.3 ESQ 4: To what extent is the CAP 2014-2022 relevant to fund holistic rural strategies, action plans, agendas or programmes established in the EU Member States?

9.3.1 Summary answer

The strategic frameworks and actions for rural areas of the Member States differ according to the national policy structure and approach to rural development. CAP interventions generally target territorial development in rural areas where strategic frameworks and actions are defined, and in some thematic areas more directly than in others. The range of rural approaches and needs in rural areas can surpass the intended scope of the CAP, particularly in Member States with holistic rural approaches with more diverse and broader defined targets. Nevertheless, the relevance of the CAP in supporting rural areas' strategies, action plans, agendas or programmes is high, especially where the CAP directly addresses the themes tackled in the strategy.

9.3.2 Answer based on the judgement criteria

9.3.2.1 JC4.1: The CAP 2014-2022 funding supported strategic frameworks and other actions for rural areas of the Member States

The evidence for this JC is largely presented in the answer to JC3.2. The strategic frameworks and actions for rural areas vary across Member States, shaped by each country's national policy structure and rural development approach. CAP interventions generally target territorial development in rural areas, where strategic frameworks and actions are defined, and in some thematic areas more directly than in others. The range of rural approaches and needs in rural areas can surpass the intended scope of the CAP, particularly in Member States with holistic rural approaches, but also in Germany-Brandenburg which has no specific rural strategy or framework. In Member States that employ holistic rural strategies or show a strong commitment to rural areas, there is good evidence that CAP funding was supportive of these. In all cases, the significance of the CAP in funding rural areas remains substantial, particularly in instances where it directly targets themes outlined in the strategic frameworks.

The CAP objective balanced territorial development, aiming to support diversified and competitive agriculture, economic development, social inclusion, poverty reduction, and remote rural areas, has thematic overlap with strategic frameworks and other actions in rural areas. Balanced territorial development supports both closing development gaps between economically advanced and lagging areas, and overall economic improvement across all regions (Schuh et al., 2021). As such, these aims are aligned with the national strategic frameworks and other actions for rural areas in Member States.

Some commonalities observed relate to mechanisms of support via the CAP, timing of the implementation of holistic strategies, the funding mechanisms described in holistic strategies and those belonging to the other categories. In many Member States, LAGs have stood out as a very relevant, and in some cases primary, CAP support mechanism for rural development strategies. Additionally, many holistic rural strategies and action plans have come into effect when the 2014-2022 period was already underway, and some at the onset of the 2023-2027 period. Finally, many of the strategic frameworks for rural

areas and their development do not have funding mechanisms in place or clearly delineated.

In many cases Member States implement CAP rural development programmes as the central strategic framework for rural development. In the case of Bulgaria, for instance, there is no national framework designed specifically for the needs of the rural areas. Yet, the RDP 2014-2022 is leveraged to contribute to the achievement of the objectives of the more overarching national strategies in place. The spatial development concept, the water reform (in the part for the consolidation of water supply operators), the national strategy for the promotion of small and medium-sized enterprises are recognised as national strategic documents with significance for rural development, while the funding contributions from EAFRD for these strategies are highlighted in the RDP 2014-2022.

Across the groups with strong political commitment and other approaches, national strategic frameworks for rural areas rarely provide clarity on funds or budgetary planning. **The absence of a budget or earmarking associated with the strategic frameworks creates difficulties in drawing direct links between the contribution of the EAFRD and other ESIF, and other national funding mechanisms.** This also serves as an important indicator of the extent to which strategies are truly holistic and actionable, or rather serve as guidance documents.

In France, the agenda rural is implemented as the government's strategic framework (or roadmap) for rurality. The agenda rural is a broad strategic reference framework for the French state, identifying almost 200 measures. Its approach and themes are very similar to those of the LTVRA. While it is a comprehensive agenda and sets strategic objectives, its implementation relies on strategic documents adopted at the regional and local level levels of governance to provide implementing mechanisms and ensure operationalisation of the rural development goals. Therefore, the agenda rural is used to promote these already existing measures in place for years, dedicate more funding to local authorities through the state-municipality contracts, and to perform rural proofing within the ministries.

The agenda rural is considered primarily a roadmap for the mobilisation of funds under the responsibility of the French government. It does not explicitly identify the involvement of each of the European funds in its implementation. Nevertheless, the ERDF and EAFRD are the two main European funds contributing to rural areas development in France. The measures in the 2014-2022 RDPs are not generally used in direct and explicit support of the agenda rural, but they do meet a number of needs identified both at the level of rural territories and at the level of the agenda rural. At national level, the contribution of the EAFRD to a number of key themes of the agenda rural have been summarised in a recent study⁵⁵. The study highlighted, particularly EAFRD support to access to basic services, small business support, soft mobility solutions, and indirect support to youth. However, other themes, including support to health and elderly care, as well as digitalisation in rural areas tends to be underdeveloped, with the ERDF playing a comparatively larger role.

Similar to France, the funding through EAFRD is also highly relevant for the rural development in Italy, operationalised through the inner areas strategy, a multi-fund policy that targets specific interventions in the most peripheral areas of the country in terms of access to fundamental needs and lagging development. Looking at the state of implementation by intervention sector and source of funding, the role of the EAFRD appears to be crucial in the support of local strategies in the four concerned rural areas explored through the case study of Emilia Romagna (Italy), with the EAFRD providing 42% of total public funding or approx. EUR 28.8 m. At national level, the 61% funding dedicated to inner area strategies is provided by EU sources, with the ERDF and EAFRD providing the bulk of overall funding (respectively EUR 446.4 m and EUR 211.4 m).

⁵⁵ Regard croisés sur le développement rural français : L'utilisation du Fonds FEADER 2014-2022 pour les objectifs de l'Agenda Rural français", Leader France.

Ireland reported that for the 2014-2022 period there was no specific support for rural strategies from CAP apart from support provided to LAGs and the implementation of their LEADER/CLLD strategies. However, CAP funding is an integral part of the holistic policy for rural Ireland – our rural future (2021-25), building on previous “realising our rural potential”, the government’s action plan for rural development (2017-19).

This notion is supported also with the experience of Germany, where in the 2014-2022 period the federal state of Brandenburg used mostly the EAFRD to support a bottom-up development of its rural areas via LEADER. In Brandenburg and more broadly in Germany, the CAP seems to be a contributing fund for rural development, however, it is only one of the many mostly sectoral funds and policy contributing to their development, characterised by relatively low levels of cross-fund integration.

9.3.2.2 JC4.2: *The CAP 2023-2027 funding supports strategic frameworks and other actions for rural areas of the Member States*

Judgement criteria 4.2 has been addressed through the analysis of the results of the quantitative analyses, the case study findings, and literature review. This assessment relies on refining, comparing, and contrasting of the responses to ESQ 2 and ESQ3. In order to ensure a forward-looking perspective, case study results in particular have been compared to relevant studies published on the CAP strategic plans, and the LTVRA.

The CAP 2023-2027 funding is relevant overall for supporting the strategic frameworks and other actions for rural areas of the Member States. Rural development funding is highly diverse across the Member States, with the average contribution rate of EU financing at 60%, with 40% national financing, yet with substantial differences according to intervention and Member State. According to the 2023 comparative analysis of CSPs, a summary of the ex-ante evaluations demonstrated high relevance in terms of economic needs and moderate relevance for rural development and environmental needs (Münch et al., 2023). **The study noted a trend, supporting the case study findings of this report, that rural development beyond the farming sector is increasingly supported through LEADER in the 2023-2027 programming period with a comparatively lesser importance of non-sectoral investment support.** Case study findings provide greater detail and context into the CAP 2023-2027 funding support for strategic frameworks and other actions for rural areas of the Member States.

In France, for example, multi-fund LAGs in the regions where they are supported (Nouvelle Aquitaine and in Martinique), are expected to take a more integrated approach at territorial level. The agenda rural has also evolved. In the forward-looking period, *France ruralité*, launched mid of June 2023, is a more focused framework than the agenda rural. It significantly reduces the previous number of over 200 measures. *France ruralité* is organised around four axes, yet is still focused on the daily needs of the rural population, particularly on rural needs beyond farming.

It aims to better target funding, with EUR 90 m earmarked for rural areas, and the funds appearing to come from ministries which have dedicated parts of their actions to rural areas. Yet, there is little mention of the frameworks in the CSP. Furthermore, the partnership agreement of the French authorities 2021-2027 and the EAFRD regional strategic plan for New Aquitaine 2023-2027 also do not make explicit reference to the *agenda rural* (launched in 2019), or *France ruralités* (launched in 2023 only). However, the overall thematic relevance remains evident. Therefore, despite the lack of direct referencing, it is expected that the *agenda rural/France ruralités* will simplify the mobilisation of state funds as a counterpart to the EAFRD. Of note, the territorial strand of the EAFRD is deployed under the authority of the region without explicit reference to the *agenda rural* or *France ruralités*. According to local stakeholders, the agenda rural remains a canvas and a possible source of inspiration for local actors, but it has not been a determining factor in the development of regional and territorial strategies for the 2023-2027 period. The CAP 2023-2027 (excluding agriculture) will above all be used to support local strategies and projects emanating from rural areas.

In Spain, EAFRD managing authorities at national and regional level were required to take into account existing plans and strategies, and determine the areas where the EAFRD could contribute to the objectives, while drafting both the RDPs and the CSP. In Ireland LAGs and the implementation of LEADER are a major means of support for non-agricultural development via rural strategies in place in the 2023-2027 period. In Italy, the CAP 2023-2027 will continue supporting the new areas selected in the inner areas strategy 2021-27. For both the 2014-2022 CAP and the 2023-2027 CAP, the EAFRD managing authorities at national and regional level point out that throughout the process of drawing up EAFRD support, they had to take account of existing strategic plans, in order to determine the extent to which EAFRD contributed to objectives supporting the relevance of the CSPs.

In the Austrian case study, the master plan for rural areas is referred to in the context of quality criteria for the evaluation of local development strategies. The forestry interventions of CAP 2023-2027 contribute to ensuring and optimising sustainable management or conservation of forests in accordance with the objectives of the national forest strategy 2020+. CAP 2023-2027 interventions such as support for investments in small-scale tourism infrastructure with a focus on alpine infrastructure with tourism relevance also explicitly contribute to the implementation of the Austrian tourism master plan. Furthermore, the CSP in Austria promotes sustainable mobility in the transport sector. It uses strategic foundations such as the national energy and climate plan, national master plans for cycling and walking, and the Graz declaration of 2018.

Case study respondents reported that the Finnish CAP plays a major role in addressing the needs outlined in the national rural policy programme 2021-2027 titled "the countryside renewing with the times". A framework relying on both regional authorities, through local funding centres⁵⁶, and LEADER groups is implemented to support rural development. In the Member State, the development of agriculture, and territorial development in rural areas, are highly complementary, indicating an important relevance of CAP funding in the 2021-2027 programming period.

In Czechia, the regional development strategy of Czechia 2021+ determines in which areas a territorially specific approach needs to be taken into account, and what types of measures are to be implemented in specific types of regions, financed through a mix of EU and national funding. According to case study findings, the CSP plays an important role in fulfilling the objectives of the concept the strategy. The CAP supports the implementation of the LAG CLLD strategies through the multi-funding approach in place. The LAG CLLD strategies are required to align with measures of the strategy, directly supporting the relevance with respect to the CAP supporting national frameworks and strategies.

Although Bulgaria does not have a dedicated rural development strategy, the development of the CSP considered the analysis of the spatial development concept 2013-2025, commissioned by the ministry of regional development. In Croatia, new national strategies have been developed for the agriculture and fishing sector covering the period up to 2030. However, these are not targeted rural strategies. In Germany and Romania, no significant changes to the overall approach were noted for the new programming period.

Apart from the information provided above, no further detail was made available through the case study responses on the forward-looking aspects of the CSPs. Given their relatively recent implementation, Member States require more time to assess the relevance of the CAP 2023-2027 framework. Nonetheless, ESQ 7 provides an elaboration on the coherence of the CAP 2023-2027 with respect to the cohesion policy funds and the RRF, in addressing the needs and actions outlined in the LTVRA.

⁵⁶ So-called "ELY" centres, offering one-stop shop support to beneficiaries.

9.3.2.3 *JC4.3: The way in which the CAP support is used to fund actions via these frameworks differs whether there is (a) a holistic strategy, (b) political commitment, or (c) other types of frameworks*

The way in which CAP support is used to fund actions via national frameworks has some differences whether there is a (a) a holistic strategy, (b) political commitment, or (c) other types of frameworks in place. This is attributed to the manner in which Member States plan national approaches, and connect such approaches with the CAP. As holistic approaches generally support greater integration between of the planning and implementation of funds and mechanisms supporting rural areas, such cases demonstrate greater more features and points of comparison between CAP support and national frameworks.

Holistic strategy for rural areas

The countries investigated exhibiting holistic rural strategies have different ways of leveraging CAP funds with respect to their rural frameworks. The frameworks themselves offer a diverse assortment of intervention areas, including economic activities, infrastructure, social services, transport, and cultural and social development support.

Italy, for example, has an inner areas strategy. This strategy emphasises access to services such as education, healthcare, and local mobility, as well as wider local development including tourism, craft, and agri-food support. Italy applies a mix of EAFRD, other ESIF, the ERDF and regional funds with respect to achieving the development goals in the inner areas strategy.

Spain has a national strategy in place addressing demographic challenges, which is effectively considered a holistic rural approach. In terms of operating this strategy, rural areas are targeted according to their population (sparsely populated) and their risk for further depopulation. The emphasis of this strategy, in terms of rural area support, is in addressing depopulation. In order to do so, the interventions covered focus on basic services, and economic, social, and territorial development. The funding mechanisms leverage the RRF, EAFRD, ERDF, and ESF.

Ireland had a specific action plan for rural development in place during 2017-19 period, followed by even more comprehensive government rural development policy "our rural future" (2021-25). "Our rural future" builds on, but goes beyond, the action plan for rural development by adopting a more strategic, ambitious, and holistic approach to investing in and maximising opportunities for rural areas. In both strategies, the EAFRD, and especially LEADER, plays a major role in terms of funding provision.

France supports rural areas through dedicated territorial policies, recently including the agenda rural, the government's strategic framework (or roadmap) for rurality. The agenda rural provides a summary of the already-existing rural development measures within territorial policies and provides an avenue to devolve funds in sectoral ministries to rural proofing. Its implementation depends on the strategies implemented at regional and local levels.

In all cases, lines can be drawn between the CAP and national frameworks. However, **it cannot be said that the Member States in the holistic rural strategy group have a common approach to leveraging the CAP within their national frameworks. Rather, the national frameworks themselves use the CAP in different manners, and to different degrees,** in addressing rural needs targeted through the frameworks.

Political commitment for rural areas

Countries considered to have a political commitment for supporting rural areas include Austria, Finland and Czechia. The countries with a political commitment for rural areas do not have a holistic approach to rural areas, however are found to have a general framework which includes regional or local policies specifically focused on rural areas. In this group, national level frameworks may serve to guide overall rural development, but, apart from Finland, do not have allocated funding. Rather, they serve as strategic guidance

documents determining general areas of focus for improving rural conditions. In this group, case study responses highlighted **strong coordination among the different funds, through monitoring committees and other mechanisms.**

In Austria, there is no uniform planning or funding approach for non-agricultural rural development. Such action plans and agendas in Austria are primarily only available per sector, or on a lower federal level. Meaning that while it is likely that the CAP serves to support the sectoral and regional national strategies in relevant thematic areas, a direct link between CAP 2014-2022 and specific aspects of the strategic frameworks and other actions for rural areas is difficult to draw. The Austrian spatial development concept 2030, for example, offers an overarching strategy, however this is developed across all types of regions, and includes urban areas. Currently, the Member State set up the master plan "rural area – boosting rural areas in place", developed by the ministry for agriculture. However, CAP integration remains low for elements beyond farming, with LEADER being a principal tool within the wider set of linked policies. The nine federal provinces, in turn, have a varying strategy. However, only minor overlap with the EAFRD 2014-2022 was noted, or potential support was not clearly mentioned.

Czechia has a rural development concept in place. With respect to funding, the concept is closely linked to the regional development strategy of Czechia 2021+. Implementation is secured through action plans which are financed through EAFRD, other ESIF, and national funds. In the 2014-2020/22 period there was no specific support for rural strategies from the CAP apart from support provided to LAGs and the implementation of their multi-funded LEADER/CLLD strategies. The rural development concept has no specific dedicated funding and is linked (in respect of funding) to the regional development strategy of Czechia 2021+ financially supported through EU and national funding via action plans.

The Finland national rural policy programme implements targeted measures on areas of low population with resource constraints. Regional authorities have in place rural development plans covering the entire programming period and addressing regional needs and opportunities. LEADER-groups have also made their local development plans for their geographic areas. These plans have had, and continue to have, strong complementarity and synergy. All interviewees national and regional feel that the CAP has a crucial role for rural development in Finland. National rural policy has wider targets than CAP and EU funding, however it is principally funded by EU funds. There were, and still are, cooperation groups to address themes or issues as they arise, across the country.

Countries with other types of frameworks

Bulgaria, Romania, Germany, Croatia, and Portugal can be considered countries with other types of frameworks in place. In this group, sectoral policies are in place potentially translating into substantial funding, however, they do not place a direct focus on rural needs beyond farming, rather implementing sectoral or thematic strategies. LEADER serves as a primary tool to address rural needs beyond farming. Within this category national funds are leveraged primarily to complement RDPs.

Overall, it can be said that the CAP objectives in a general sense support strategic frameworks and other actions for rural areas of the Member States. Some commonalities observed relate to mechanisms of support via the CAP, timing of the implementation of holistic strategies, and the funding mechanisms described in holistic strategies and those belonging to the other categories. In many Member States, LAGs have stood out as very relevant, and in some cases primary, CAP support mechanism for rural development strategies, and particularly, rural development beyond the farming sector is increasingly supported through LEADER only in the 2023-2027 programming period. Additionally, many holistic rural strategies and action plans have come into effect when the 2014-2022 period was already underway, and some at the onset of the current programming period, making it still a relatively novel approach in some Member States. Finally, many of the strategic frameworks do not have funding mechanisms in place or clearly delineated. This is more frequently observed in the categories of political commitment and other frameworks. However, it indicates the importance of discussing the relevance of the CAP on a case-by-case basis.

10. Coherence

This section addresses three questions tied to the evaluation criterion coherence:

- **ESQ 5:** To what extent were the CAP in 2014-2022 and other EU support for rural areas complementary to address the themes of the rural vision?
- **ESQ 6:** To what extent were the CAP in 2014-2022 and national funding for rural areas complementary to address the themes of the rural vision?
- **ESQ 7:** To what extent were the CAP in 2014-2022 and other support for rural areas complementary to address the themes of the rural vision?

Our understanding of key terms and approach

Coherence is understood as assessing how different policies work together. In this context, the project team assessed how far there was synergy between the CAP and other support to rural areas in the 2014-2022 period. As part of this assessment, the project team also investigated the role of strategic approaches to support rural areas with funding.

- ESQ5 assesses the coherence of the CAP 2014-2022 with other EU support in relation to the needs identified in the LTVRA. EU support is understood as the other ESIF, i.e. the ERDF, CF, ESF, EMFF in the 2014-2020 period. This assessment also includes a comparative aspect, differentiating between a) Member States with holistic strategies; b) Member States with strong political commitment; and c) other approaches. A further point of specific consideration was remote rural areas and the interplay of the CAP with other EU funding in terms of addressing LTVRA needs.
- ESQ6 assesses the coherence of the CAP 2014-2022 with national/regional support targeted at rural regions, and its thematic coherence with the LTVRA. Similar to ESQ5, the analysis also differentiates between the types of approach employed by the Member States to foster rural development. In addition, a further point of analysis is the coherence between CAP and national/regional support in relation to remote and constrained rural areas.
- ESQ7 assesses the coherence of the CAP with other EU support in rural areas and its capacity to address the themes of the LTVRA. It extends the scope of ESQ5 into the 2020+ period, assessing both the 2020-2022 extension, as well as the 2023-2027 programming period (in the case of the CPR: the 2021-2027 period). This ESQ assesses the coherence of the CAP in the 2014-2022 period with the EURI-NGEU, ReactEU/CRII(+) and other emergency funding instruments implemented via the ESIF between 2020 and 2022. In a second step, the coherence of the 2023-2027 CAP with the RRF (via the NRRPs) and the CPR funds was assessed.

The relevant evidence for answering these ESQs comes from a variety of sources:

- Expenditure data of CAP 2014-2022 and other EU funds 2014-2020 is used to assess the mix of EU funding targeting rural and intermediate regions throughout the EU-27. The results of analysis of funding to constrained and remote rural regions (section 5) are also considered, to estimate the share of EU funding targeting those regions.
- Case studies provide insights into how the Member States apply CAP 2014-2022, other EU funds 2014-2020 and national and regional funds, to target the needs of the LTVRA, as well as their use in targeting remote or constrained rural areas. Case studies also provide information on the characteristics of governance approaches in the Member States that support synergistic delivery of these funds in rural areas.
- Desk review and data analysis of the CAP 2023-2027 and other EU funds in the 2021-2027 period, as well as the emergency instruments between 2020 and 2022, provide insights into the coherence of CAP and those funds in line with the LTVRA.

10.1 ESQ 5: To what extent were the CAP in 2014-2022 and other EU support for rural areas complementary to address the themes of the rural vision?

10.1.1 Summary answer

For LTVRA needs related to stronger and connected rural areas, cohesion policy plays an important role with its support to large-scale infrastructure development. In terms of LTVRA needs related to resilient and prosperous rural areas, EAFRD and EAGF on-farm and joint support provide the majority of funding. In remote and constrained rural regions the EAGF and EAFRD remain the largest funding sources. However, the explicit targeting of remote and constrained rural regions by CAP and EU funding was not found to be widespread across the case studies, outside of Member States with dedicated strategies targeting these regions.

The case study analysis found most complementarity between the EAFRD and ERDF in relation to the needs of the LTVRA. Complementarities between EAFRD and ESF or EMFF were not consistently found. In general, the analysis found deeper integration of CAP and other EU funding sources in Member States with holistic strategies or frameworks for rural areas. Holistic approaches applied in several Member States (Spain, France, Italy and Ireland) promote greater coherence due to: the use of more accurate definitions of rural areas; the use of multiple funds to contribute to implementing policies; the set-up of governance structures with sufficient capacities and experience in delivering funding; and the use of locally and regionally integrated funding approaches to target rural regions.

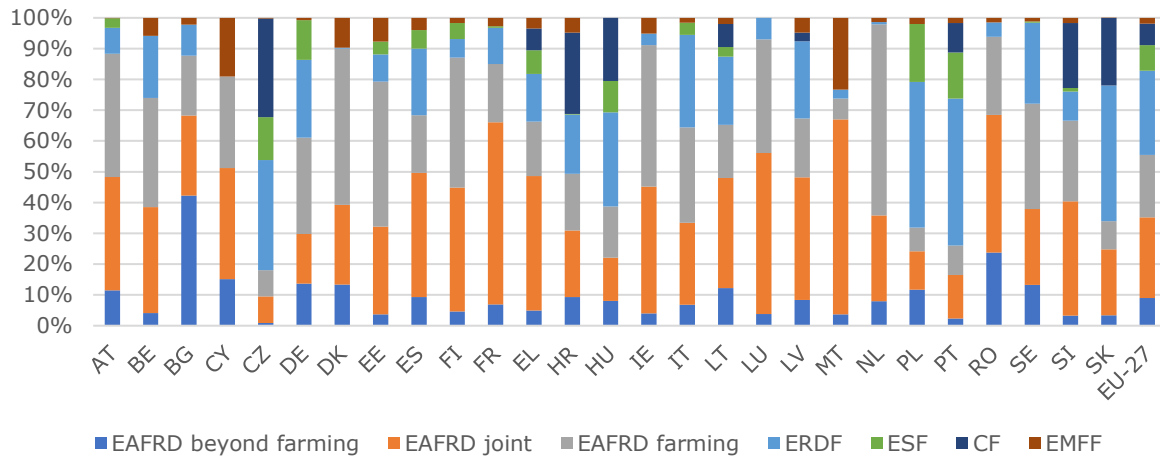
10.1.2 Answer based on the judgement criteria

10.1.2.1 JC5.1: The territorial distribution of the CAP 2014-2022 funding and of the other ESIF 2014-2020 comprehensively targeted rural needs in relation to the LTVRA

Significant funding is channelled to rural and intermediate regions via the CAP 2014-2022 and the other ESIF 2014-2020 (namely, the ERDF, ESF, CF, and EMFF), as illustrated in section 7. The exact composition of this funding varies by Member State, as illustrated in Figure 73. In the majority of EU-27 Member States, the CAP (EAFRD and EAGF) was the most important rural funding source (in terms of paid out annual EU expenditure). Particularly among the newer Member States and Member States with a higher share of transition or less-developed regions, ERDF and CF funding plays an important role, in terms of its relative share of expenditure. Member States with a relatively strong role played by cohesion policy funds in rural and intermediate regions include Czechia, Croatia, Poland, Portugal, Hungary and Slovakia.

The cohesion policy funds support investments in rural and intermediate regions. In the 2014-2020 period, several investments were particularly supported by ERDF, ESF, and CF OPs. These include (section 7.3.1) in particular, support to network infrastructure (TO7), environmental issues and sustainability (TO6), social inclusion (TO9), and support to SMEs (TO3). Infrastructure investment operations financed under cohesion policy TOs tend to be relatively large-scale investments as opposed to small-scale and highly targeted support, such as via M07 or M19. As such, they fill a specific need in rural, particularly related to larger infrastructure needs, which may not necessarily be financed by other funds.

Figure 73: Funding in rural and intermediate regions (average annual expenditure 2014-2021, relative split) EAFRD and other ESIF

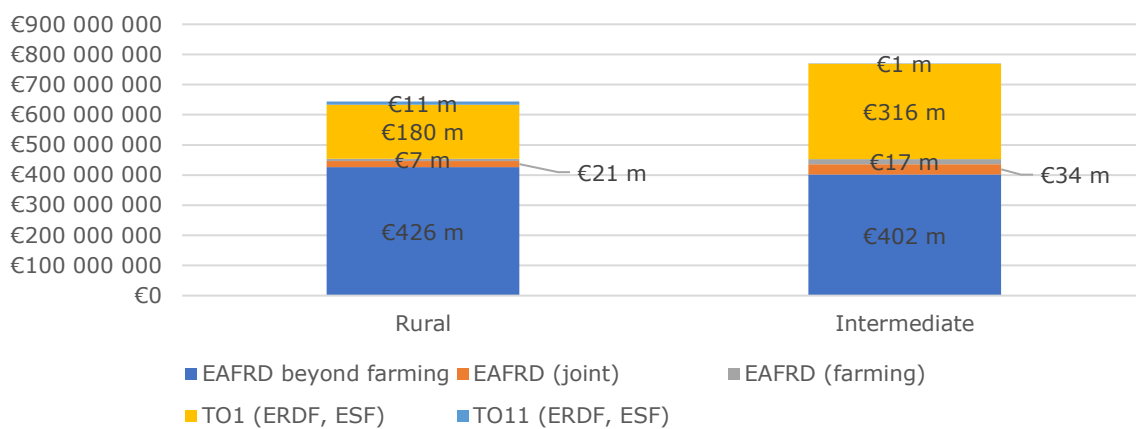


Source: Project team, 2024, based on cohesion data and DG AGRI.

Stronger rural areas

The funding mix analysed under the umbrella of the LTVRA action field “stronger rural areas”, includes relevant EAFRD measures listed in section 2.3, as well as related cohesion policy expenditure⁵⁷.

Figure 74: Relative spending EU funds – “stronger rural areas” in rural and intermediate regions (average annual average expenditure 2014-2022) for EU-27



Source: Project team, 2024, based on SFC and cohesion data for regions classified as “rural” and “intermediate”. Note: this data is sourced from SFC for EAGF, EAFRD, EMFF for NUTS3 rural regions; ERDF, ESF, CF funding is sourced from Cohesion Data.

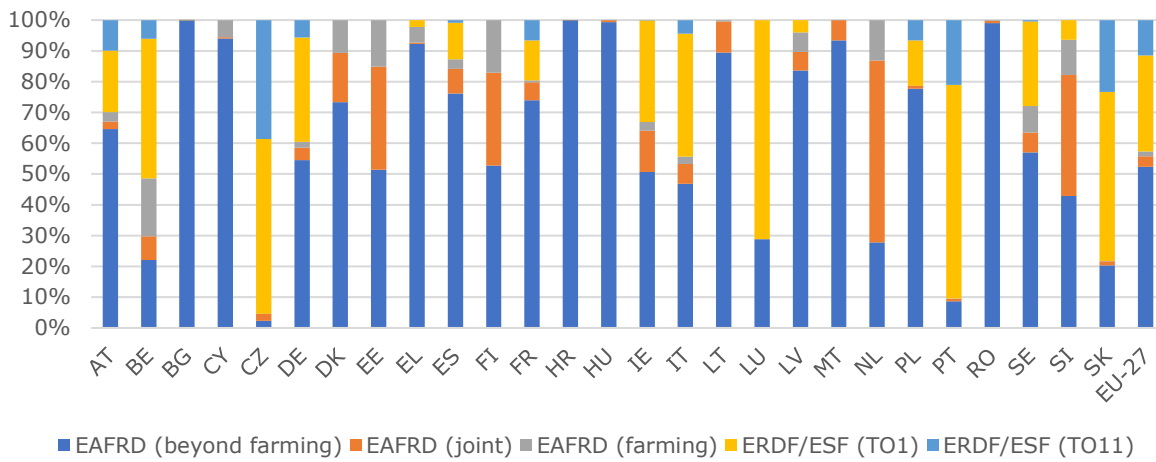
For both rural and intermediate regions, the highest funding source addressing the elements encompassed under the “stronger rural areas” block of action is the EAFRD beyond farming measures. The second stems from ERDF and ESF TO1, supporting rural research and innovation. TO11 support (Institutional capacity building) also provides means to improve the institutional capacity, despite its comparatively smaller funding. Under TO11, ERDF notably supports networking, cooperation and exchange of experience between competent regional, local, urban and other public authorities, economic and social partners and relevant bodies representing civil society. This is in line with the LTVRA’s focus on enabling citizens to take an active role in policy making. ESF’s scope of support, under TO11, includes, *inter alia*, capacity building for all stakeholders delivering education,

⁵⁷ EAFRD measures and cohesion policy thematic objectives:
 – EAFRD: M07 – Village renewal (beyond farming), M19 – LEADER (beyond farming), M01 Knowledge (farming), M16 – Cooperation (joint);
 – TO1 – Strengthening research, technological development and innovation (both ERDF and ESF);
 – TO11 – Enhancing the capability of public authorities and efficient public administration (ERDF and ESF).

lifelong learning, training and employment and social policies. Likewise, this dovetails with the LTVRA focus on education and training.

Looking across Member States, beyond the general substantial role of the EAFRD beyond farming, several Member State-specific differences emerge. Some countries support rural and intermediate areas in relation to this block of action, mostly via cohesion policy funds (in comparison to other EU funding sources). These countries include Belgium, Czechia, Luxembourg, Portugal and Slovakia. In turn, Bulgaria, Cyprus, Denmark, Greece, Spain, France, Croatia, Hungary, Lithuania, Latvia, Malta, Poland and Romania almost entirely sought to strengthen rural and intermediate areas through the mobilisation of EAFRD's "beyond farming" measures.

Figure 75: Relative spending EU funds – “stronger rural areas” in rural and intermediate regions (annual average expenditure 2014-2022) by MS



Source: Project team, 2024, based on SFC and cohesion data for regions classified as "rural" and "intermediate". Note: this data is sourced from SFC for EAGF, EAFRD, EMFF for NUTS3 rural regions; ERDF, ESF, CF funding is sourced from Cohesion Data.

Connected rural areas

The project team assessed the relative importance of selected EAFRD measures and cohesion policy TOs tied to the LTVRA action field "connected rural areas"⁵⁸.

Figure 76 indicates that the primary source of funding supporting this LTVRA action field in intermediate areas is EAFRD beyond farming. In rural regions, however, ERDF/CF support under TO7 and TO2 slightly exceeds EAFRD beyond farming support: the TOs correspond to the greatest source of funding in comparison to the other above-mentioned instruments relevant to this block. TO7 notably supports the development and improvement of environmentally friendly and low-carbon transport systems as well as multimodal links to promote sustainable regional and local mobility. This goes hand in hand with the transport and mobility focus of the LTVRA as well as the development of urban-rural linkages.

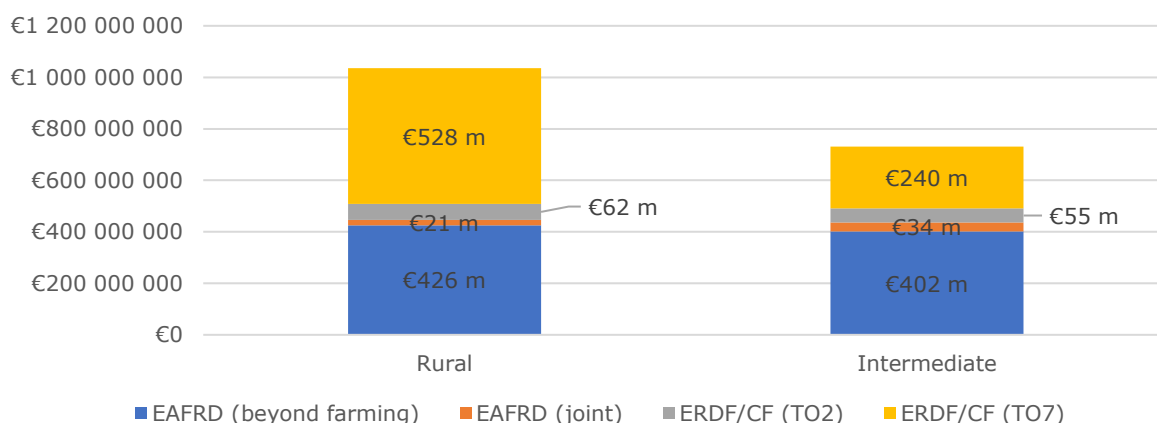
Examining the Member States (Figure 77), some countries particularly use EAFRD measures beyond farming to deliver on connectedness. This is the case in Austria, Bulgaria, Cyprus, Germany, Denmark, Hungary, Lithuania, Luxembourg, Malta and Romania, for which this represents 80% of their EU funding. The ERDF and CF were the

⁵⁸ The following EAFRD measures and cohesion policy TOs were included into the analysis:
 – EAFRD: M07 – Village renewal (beyond farming), M19 – LEADER (beyond farming), M16 Cooperation;
 – TO2 – Enhancing access to, and use and quality of information and communication technologies (in terms of ERDF, ESF and CF);
 – TO7 – Promoting sustainable transport and removing bottlenecks in key network infrastructures (including funding from ERDF and CF).

most important source of funding for related investments in Poland, Czechia, Greece as well as Croatia and Portugal, representing more than 50% of total funding.

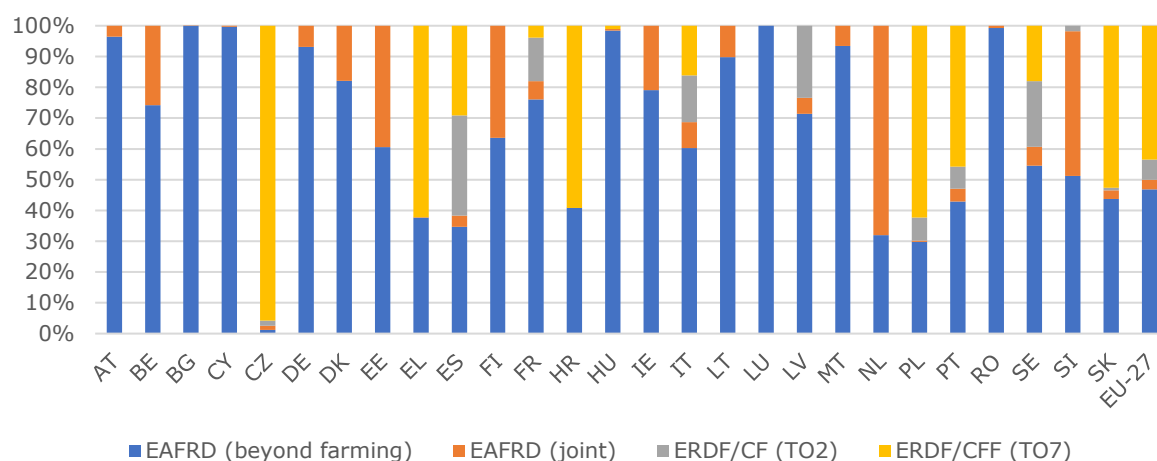
However, as shown in the effectiveness analysis (section 8) and the funding break-down at Member State level (see Figure 34 in section 7.2) for M07.3⁵⁹, CAP 2014-2022 support for digitalisation has been relatively low and uptake characterised by implementation difficulties. As such, Figure 76 and Figure 77 may represent an overestimation of actual CAP 2014-2022 expenditure targeting digitalisation and rural mobility.

Figure 76: Relative spending EU funds – “connected rural areas” in rural and intermediate regions (annual average expenditure) for EU-27



Source: Project team, 2024, based on SFC and cohesion data for regions classified as “rural” and “intermediate”. Note: this data is sourced from SFC for EAGF, EAFRD, EMFF for NUTS3 rural regions; ERDF, ESF, CF funding is sourced from cohesion data; Note: the entirety of M07 and M19 is funding is counted towards this objective as more detailed funding data is not available at NUTS3. The actual contribution via M07.3 may be lower, as highlighted in 7.2.

Figure 77: Relative spending EU funds – “connected rural areas” in rural and intermediate regions (average annual expenditure) by MS



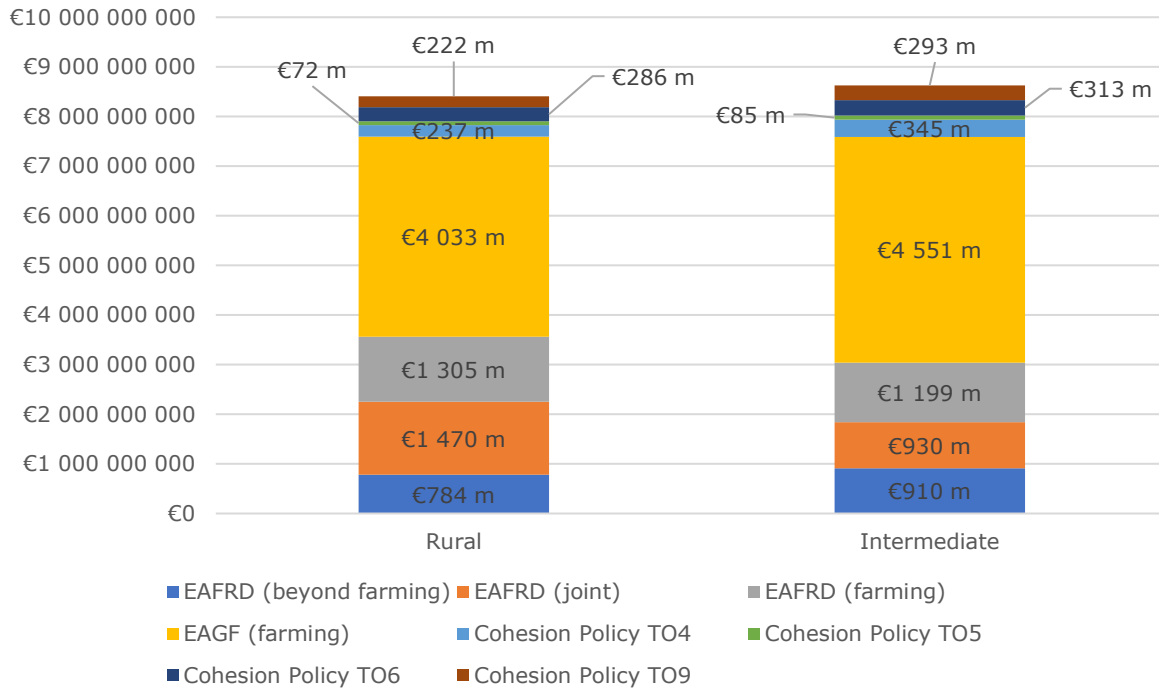
Source: Project team, 2024, based on SFC and cohesion data for regions classified as “rural” and “intermediate”. Note: this data is sourced from SFC for EAGF, EAFRD, EMFF for NUTS3 rural regions; ERDF, ESF, CF funding is sourced from cohesion data; Note: the entirety of M07 and M19 is funding is counted towards this objective as more detailed funding data is not available at NUTS3. The actual contribution via M07.3 may be lower, as highlighted in 7.2.

⁵⁹ Funding data for M07.3 was not available at NUTS3 level at the time of this study.

Resilient rural areas

Particularly needs and actions related to energy transition and environmental sustainability, as well as social cohesion are emphasised under “resilient rural areas”⁶⁰. Figure 78 shows that in intermediate regions, actions relevant to the resilient rural areas block are principally addressed by funding from the EAGF, followed by EAFRD measures focussed on farming. In rural areas, besides the EAGF as a main source of funding, joint EAFRD measures are also contributing to the resilience of these territories (slightly more than the joint measures).

Figure 78: Relative spending EU funds – “resilient rural areas” in rural and intermediate regions (average annual expenditure) for EU-27



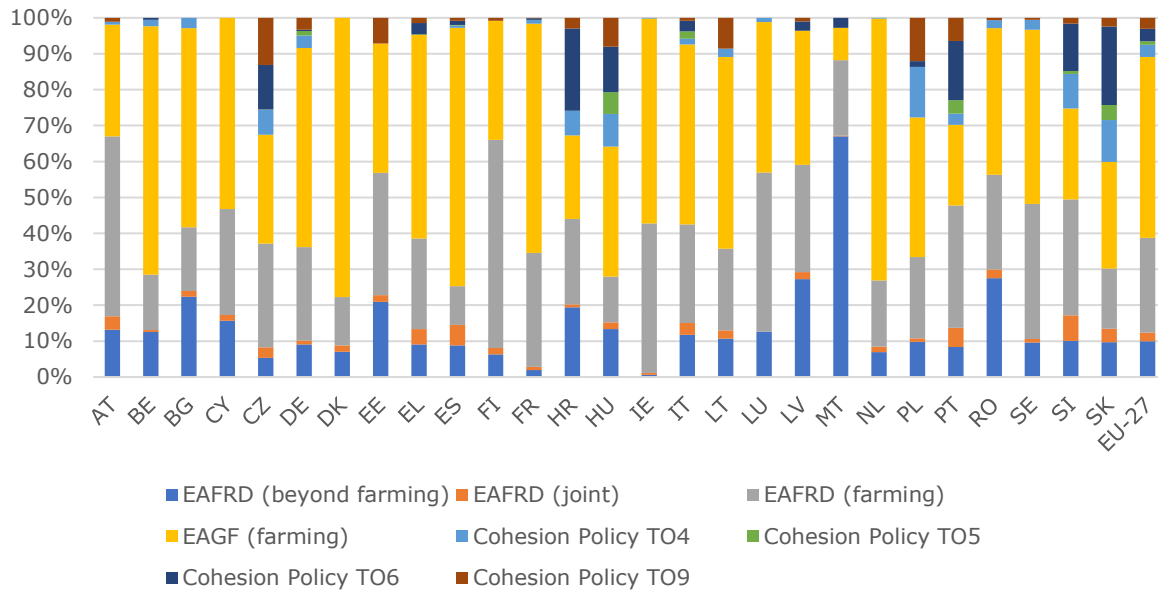
Source: Project team, 2024, based on SFC and Cohesion Data for regions classified as “rural” and “intermediate”. Note: this data is sourced from SFC for EAGF, EAFRD, EMFF for NUTS3 rural regions; ERDF, ESF, CF funding is sourced from cohesion data.

Looking at the relative shares of EU fund spending (Figure 79), it appears that some Member States channel a noteworthy share (over 30%) of rural area resilience support through a combination of cohesion policy funds. These countries include Czechia, Croatia, Hungary, Portugal and Slovakia. Overall, a significant majority of countries rely almost entirely on CAP funding to support resilience in rural and intermediate regions.

⁶⁰ The selection of CAP instruments and measures, as well as cohesion policy thematic objectives for the LTVRA action field includes the following:

- TO4 – Supporting the shift towards a low-carbon economy (including funding from the CF, ESF, and ERDF);
- TO5 – Promoting climate change adaptation, risk prevention and management (including funding from the CF and ERDF);
- TO6 – Preserving and protecting the environment and promoting resource efficiency (including funding from the CF and ERDF);
- TO9 – Promoting social inclusion, combating poverty and any discrimination (including funding from the ESF, ERDF);
- EAGF: Greening direct payment;
- EAFRD: M02 – Advisory services (farming), M04 –non-productive investments (beyond farming), M05 – Natural disasters (farming), M08 – Forestry (joint), M10 – Agri-environmental climate (farming), M11 – Organic farming (farming), M12 – NATURA 2000 (farming), M13 – Payments to ANC (joint), M15 – Forest-environmental and climate services (joint), M16 – Cooperation (joint), M17– risk management (farming), M19 – LEADER (LDS funding under environmental protection; beyond farming) and M07 – village renewal (beyond farming).

Figure 79: Relative spending EU funds – “resilient rural areas” in rural and intermediate regions (average annual expenditure) by MS



Source: Project team, 2024, based on SFC and Cohesion Data for regions classified as “rural” and “intermediate”. Note: this data is sourced from SFC for EAGF, EAFRD, EMFF for NUTS3 rural regions; ERDF, ESF, CF funding is sourced from cohesion data.

Prosperous rural areas

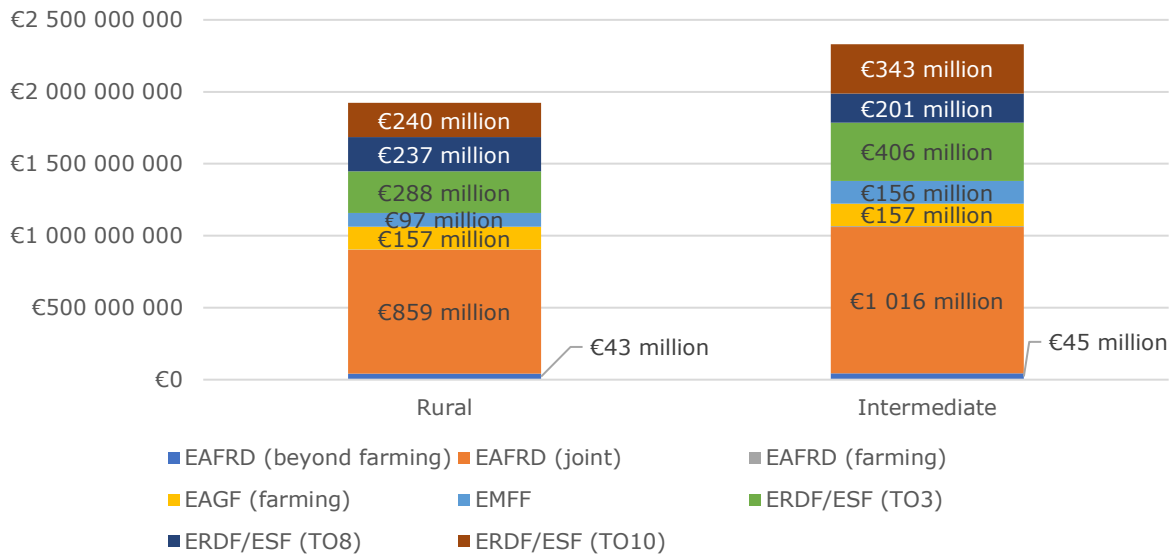
The action field “prosperous rural areas” includes a series of CAP instruments and measures as well as ESIF thematic objectives with high relevance to the rural economy⁶¹. Figure 80 indicates that the largest share of EU support associated with prosperous rural areas in intermediate regions comes from cohesion policy funds. In rural regions, the share of CAP support is more important, and only 1% of spending in this field is on EAFRD measures going beyond farming.

Figure 81 shows that most countries channel an important share of the support linked to this block via EAFRD joint and farming measures. The share of EAFRD joint and farming measures is substantial (above 70%) in the following countries: Austria, Belgium, Bulgaria, Estonia, Greece, Spain, Croatia, Italy, Luxembourg, Latvia, Malta, Romania and Slovenia.

⁶¹ This selection, as with the other action fields, was informed by findings of the case study reports and literature. It includes:

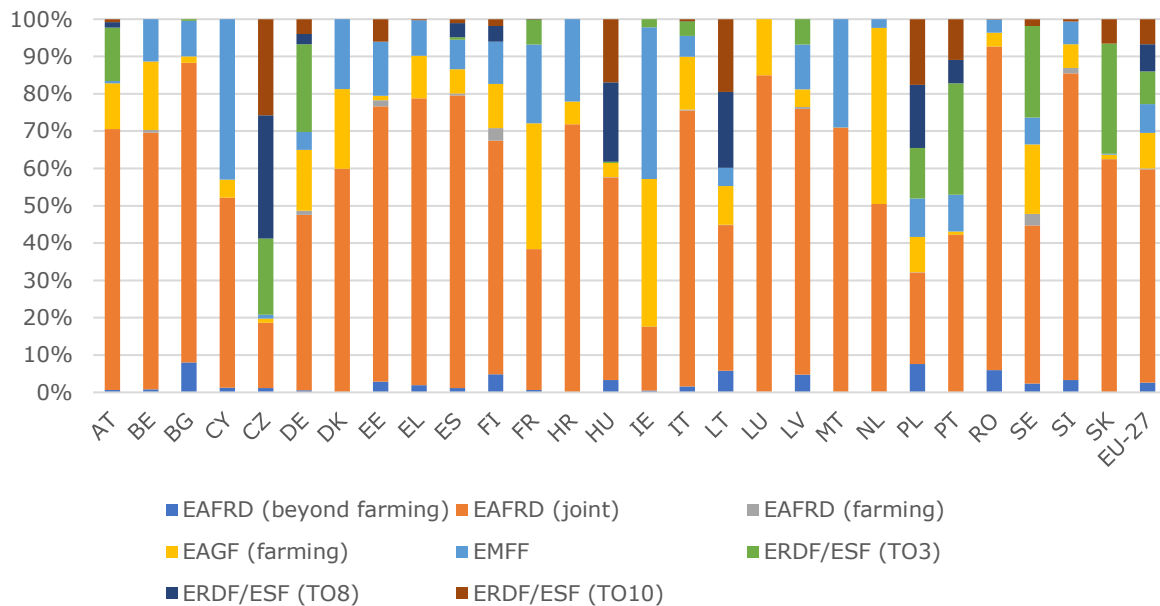
- EAFRD: M03 – quality schemes (joint), M04 – investments (joint), M06 – farm and business development (joint, with M06.4 classified as beyond), M08 – forestry (joint), M09 – producer groups (joint), M16 – cooperation (joint), M19 – LEADER (LDS funding under economic diversification, beyond farming), M02 – advisory services (farming);
- TO3 – Enhancing the competitiveness of small and medium-sized enterprises (ERDF and ESF);
- TO8 – Promoting sustainable and quality employment and supporting labour mobility (ERDF and ESF);
- TO10 – Investing in education and training for skills and lifelong learning (ERDF and ESF);
- EAGF: Young farmers’ scheme (farming);
- EMFF (total EU expenditure).

Figure 80: Relative spending EU funds – “prosperous rural areas” in rural and intermediate regions (average annual expenditure) for EU-27



Source: Project team, 2024, based on SFC and Cohesion Data for regions classified as “rural” and “intermediate”. Note: this data is sourced from SFC for EAGF, EAFRD, EMFF for NUTS3 rural regions; ERDF, ESF, CF funding is sourced from cohesion data; Note EAFRD farming amounts to EUR 3.7 m in rural and EUR 6.3 m in intermediate regions.

Figure 81: Relative spending EU funds – “prosperous rural areas” in rural and intermediate regions (annual average expenditure 2014-2022) by MS



Source: Project team, 2024, based on SFC and cohesion data for regions classified as “rural” and “intermediate”. Note: this data is sourced from SFC for EAGF, EAFRD, EMFF for NUTS3 rural regions; ERDF, ESF, CF funding is sourced from cohesion data.

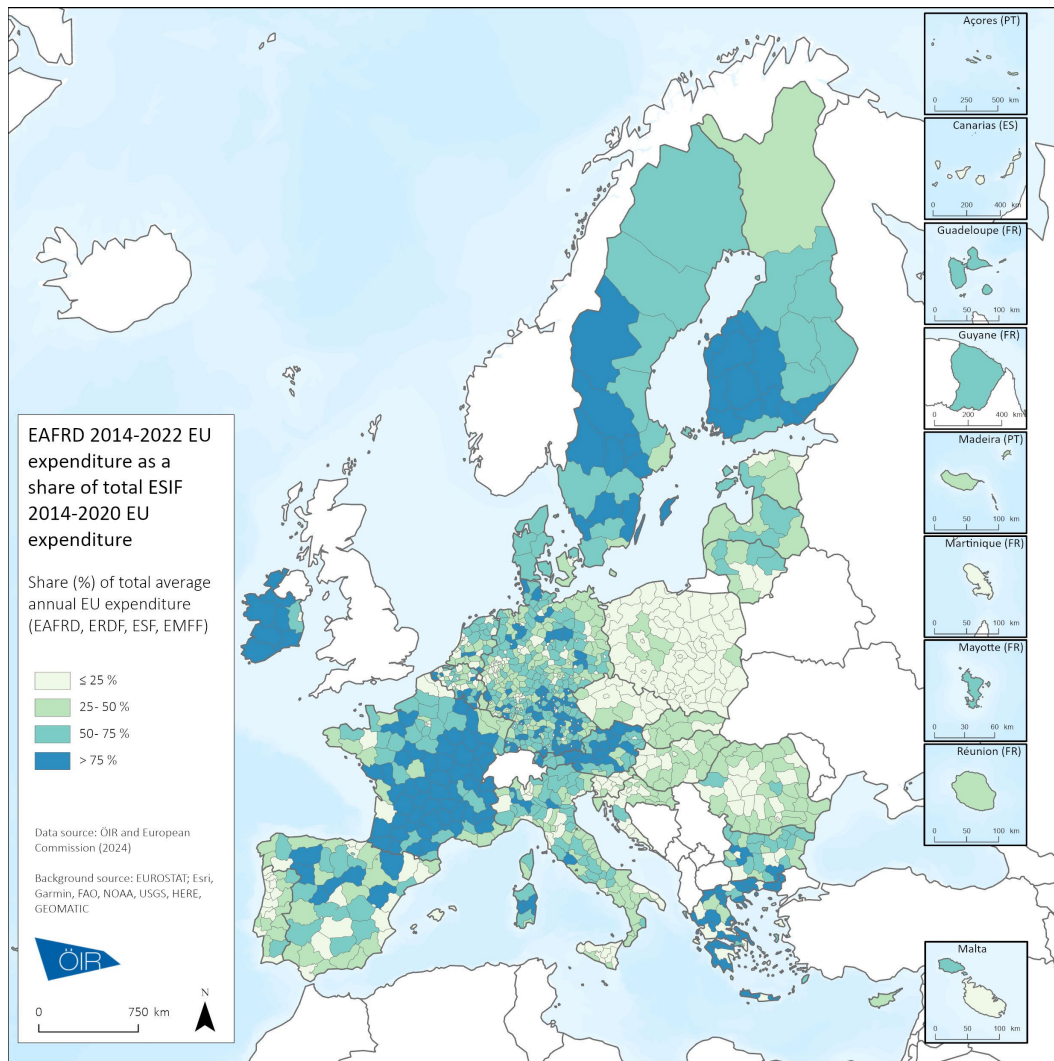
10.1.2.2 JC5.2: The CAP 2014-2022 is coherent with other EU support in addressing the needs and actions of the LTVRA

The Member States employ multiple combinations of CAP and other ESIF support to address the needs of rural and intermediate regions (see JC 5.1). These patterns are shown in Map 33 at regional (NUTS3) level.

EAFRD expenditure is very prominent in rural and intermediate regions in comparison to cohesion policy and EMFF expenditure for most Member States. However, exceptions are

observed in Czechia, Germany, Croatia, Hungary, Italy, Poland, Portugal, and Slovakia, where the other ESIF are more prominent than EAFRD beyond farming and joint support (see Figure 73).

Map 33: Share of EAFRD funding relative to overall ESIF at NUTS3



Source: Project team, 2024 based on SFC and kohesio data; Note, please see section 3.7 for specific information tied to the use of kohesio data.

The comparatively strong role of the EAFRD 2014-2022 in comparison to other ESIF 2014-2020 could reflect relatively pronounced demarcation of funding in relation to territorial characteristics or by types of support. However, when assessing the thematic focus of the respective funding sources (see JC5.1), the role of cohesion policy funding in fostering rural development beyond farming is much more visible. Cohesion policy funding features particularly in targeting needs tied to LTVRA action blocks stronger rural areas (especially in intermediate regions), connected rural areas and prosperous rural areas.

In terms of synergies between the EAFRD and other ESIF, the case studies found that managing authorities generally established clear demarcation for rural funding so as to avoid irregularities or double-funding. The partnership agreement and inclusion of the EAFRD within the ESIF was an important element to ensure coordination and develop synergies between the programmes. Dialogue and coordination platforms, such as dedicated working groups (Austria, France – Limousin, Czechia), joint monitoring committees (e.g. Germany – Brandenburg, France – Limousin, Ireland) and a combination of informal and formal exchange channels were reported to work effectively in most case studies.

Across the case studies, most complementarities in targeting needs of the LTVRA were between the EAFRD and ERDF, for support beyond LEADER. Complementarities between the EAFRD and ESF or EMFF when targeting needs in rural areas were not as pronounced, with lower levels of integration in delivering investments to rural regions. The case studies also noted relatively comprehensive demarcation to avoid double-funding, likely due to the relative complexity tied to implementing demarcated, yet synergistic, policy packages. Particularly strong demarcation was noted by case study interviewees in Ireland and Austria.

In Austria, EAFRD support is complementary to ERDF support for tourism, SME support, and energy investments. In all three cases, the programmes thematically demarcate by types of operation (e.g. with the EAFRD only supporting non-innovative and non-technological business start-ups and the ERDF supporting more innovative or technical businesses) or by types of beneficiaries (under energy support, ERDF only supported commercial entities with biomass investments, with EAFRD supporting the promotion of biomass plants). In the case of Limousin (France), positive synergies in digital investments between ERDF and EAFRD were identified, with ERDF supporting larger-scale investments in high-speed digital infrastructure and e-services, and EAFRD active at local level to support users with broadband access in more remote rural areas via LAGs. Support aimed at providing high-speed internet access was delivered primarily via the ERDF in Castilla-La Mancha (Spain), with no specific funding allocated via EAFRD. Large-scale infrastructure needs (mobility, basic services, internet) were also more likely to be targeted by ERDF support (Romania, Spain, France). In Czechia, the EAFRD's role in fostering rural development beyond farming is low, with ERDF having a significantly stronger presence.

Considering EMFF support, complementarities can be observed particularly in relation to economic development (prosperous rural areas). Specific support includes the improvement of the fishery value chain (Germany – Brandenburg) and integrated delivery via CLLD in Finland, but otherwise this appears very limited in other case studies.

The case studies further highlight complementary ESF support to rural areas in relation to social inclusion, gender equality, and employment creation (Germany – Brandenburg, Austria, France, Romania, Ireland). However, the volume of ESF funding specifically targeted to rural areas was more limited than other sources of EU funding (such as the EAFRD and ERDF) in some case studies (e.g. Austria).

More integrated approaches to addressing rural needs in relation to the LTVRA are particularly apparent via LEADER/CLLD multifunding approaches, as implemented, for example, in Austria, Germany, Czechia, Finland, Bulgaria and Portugal. In multifunding, more integrated modes of support also included ESF (e.g. in Czechia and Portugal) and the EMFF (e.g. in Finland). While beneficial to target a comprehensive array of needs in rural areas, implementing multi-funding approaches can be challenging due to increased coordination and regulatory requirements (Austria and Germany). This was also highlighted for Sweden which implements a mono-fund LEADER approach in the 2023-2027 period, in contrast to a four-fund multifunding approach in the 2014-2020 period (Dwyer *et al.*, 2022). This change in the Swedish funding approach from multi- to mono-funding was explained by a relatively high administrative burden in relation to the amount of additional funding made available via the three other ESIF (*ibid*).

However, these integrated delivery approaches also extend beyond LEADER: in the case of Finland, specific regional bodies were implementing funding from the EAFRD, ESF, ERDF and EMFF in an integrated manner. Together with complementary funding strategies behind some respective programmes, this enables a comprehensive targeting of needs in rural areas. In Italy (Emilia-Romagna), the inner areas strategy enabled a synergistic implementation of EAFRD and other ESIF investments, particularly in relation to the LTVRA pillars stronger and prosperous rural areas.

In Limousin (France) integrated territorial instruments were created to provide territorially targeted ERDF and EAFRD support in relation to tourism infrastructure, decarbonisation,

quality of life and digital accessibility. ITIs using ERDF and EAFRD funding were also implemented in Spain (Castilla-La Mancha) in relation to mitigating demographic decline.

10.1.2.3 JC5.3: The CAP 2014-2022 is coherent with other EU support in addressing the needs and actions of the LTVRA, particularly in relation to remote rural areas and rural areas facing specific constraints

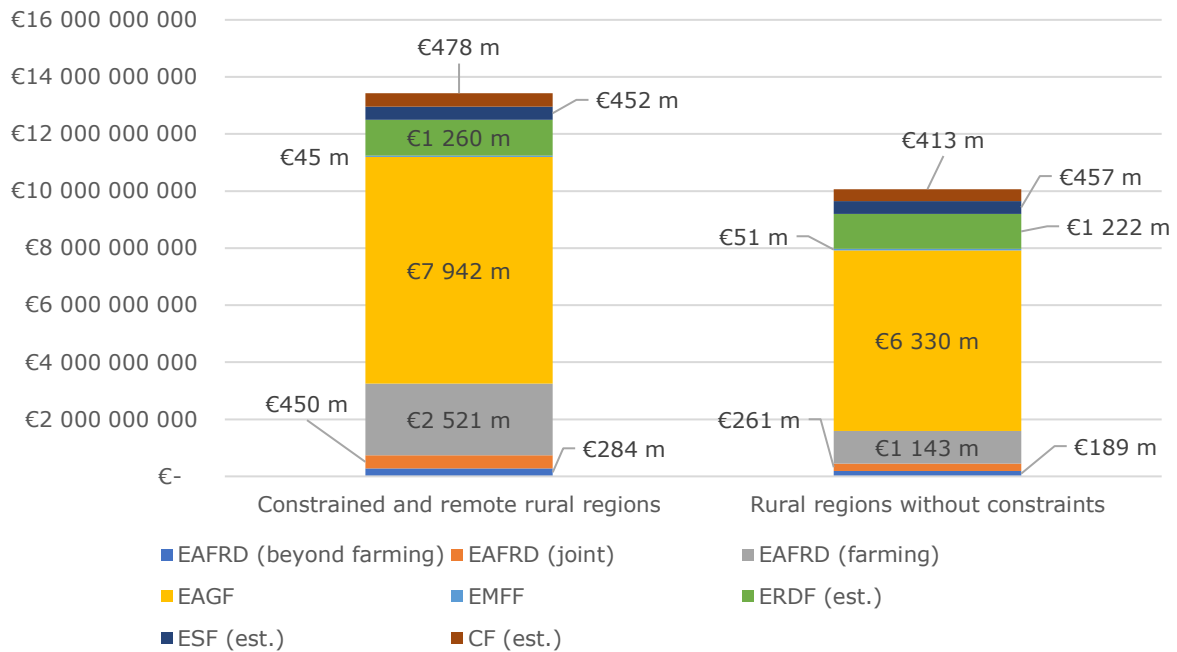
Certain rural regions are facing specific constraints, tied to their geographic characteristics, demographic developments, or being remote from urban areas. These include specific territorial features such as being island or mountain regions, and demographic constraints such as persistent population decline or very low population density, or extreme remoteness. These regions are identified in section 5. The CAP and other EU funds play an important role in supporting development in these regions. Specific programmes and policies have been designed to support associated needs in these regions, such as CAP M13 “areas facing natural constraints” (ANC) in terms of on-farm rural development, or the cohesion policy funds with expenditure targeted at sparsely populated and outermost regions via TO12.

As shown in Figure 82, constrained and remote rural regions benefit from funding from the EAGF and EAFRD across the EU-27, the CAP support representing the primary source of funding. Significant investments were also supported by the ERDF and the CF. The EMFF and the ESF played a relatively smaller role in terms of support in rural areas.

In terms of remote and constrained rural regions, approx. EUR 365 m were spent annually between 2014 and 2021 on average in measures tied to rural development beyond farming. The majority of annual expenditure targeted at constrained and remote rural regions is disbursed from the EAGF (in total EUR 7.9 bn) and in terms of joint and on-farm support from the EAFRD (approx. EUR 2.5 bn in farming and around EUR 450 m in joint support). EAFRD support beyond farming under M07 and M09 is relatively slightly more prominent, with higher average funding volumes than in rural regions without constraints, or non-remote rural regions. This is in line with the needs outlined under the LTVRA action fields stronger and connected rural regions. However, joint and on-farm support via the EAFRD represents the majority of EAFRD, particularly for measures supporting the LTVRA action fields resilient and prosperous rural areas. Cohesion policy funds⁶² also offer significant support to remote and constrained rural regions, amounting to approx. EUR 1.2 bn annually from the ERDF, EUR 478 m annually from the CF and EUR 452 m from the ESF. EMFF support amounts to approx. EUR 45 m annually to those regions.

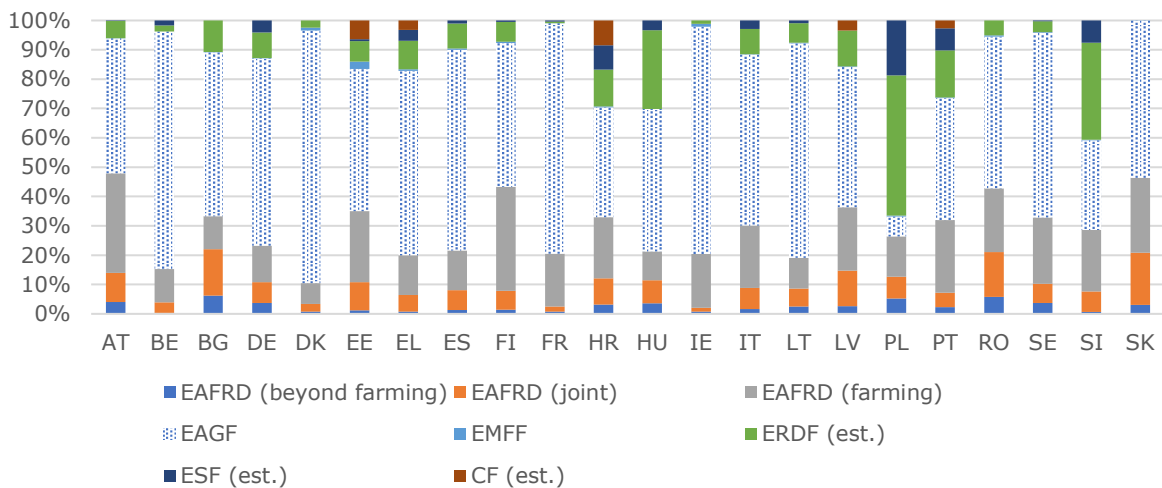
⁶² As assessed via kohesio data at NUTS3 level.

Figure 82: Annual funding of CAP and other EU funds in constrained and remote rural region



Source: Project team, 2023, based on SFC data for EAFRD, EAGF, and EMFF, and kohesio for the ERDF, ESF, CF. Note: paid-out expenditure was estimated for ERDF/CF, ESF by multiplying planned EU expenditure per NUTS3 region with the absorption rate of ERDF, ESF, CF funding as per cohesion data for rural and intermediate regions; EMFF support is too small to be seen in the graph.

Figure 83: Average annual funding of CAP and other EU funds in constrained and remote rural region, relative split by Member State

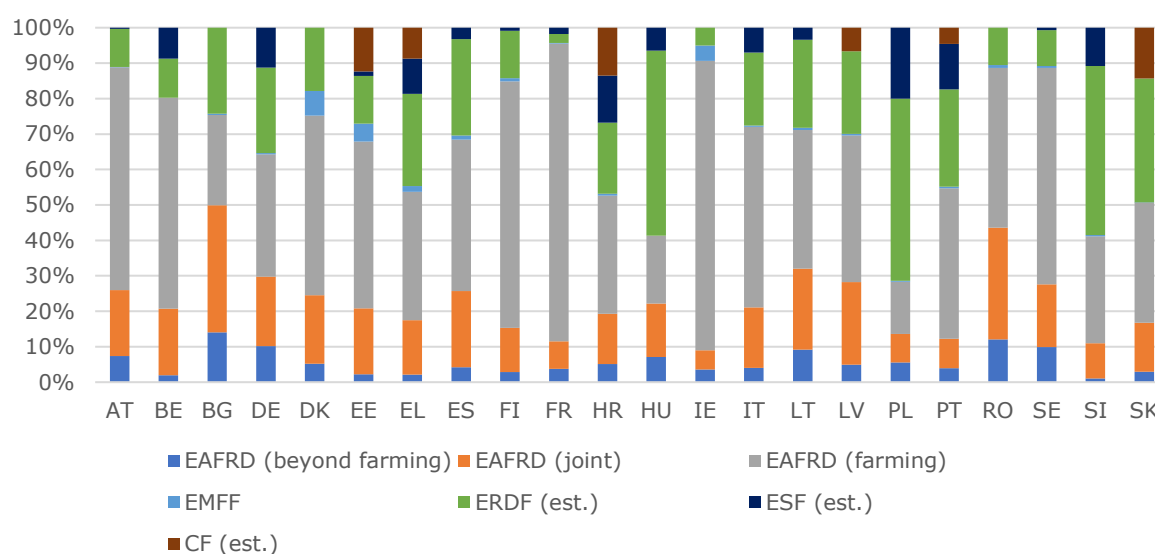


Source: Project team, 2023, based on SFC data for EAFRD, EAGF, and EMFF, and kohesio for the ERDF, ESF, CF. Note: paid-out expenditure was estimated for ERDF/CF, ESF by multiplying planned expenditure per NUTS3 region with the execution rate of ERDF, ESF, CF funding as per cohesion data for rural areas.

As per Figure 83, some Member States are supporting remote and constrained rural areas via a relatively high (above 20%) mobilisation of cohesion policy funds. These countries include Poland, Croatia, Hungary, Portugal and Slovenia. However, the majority of Member States apply funding mixes strongly anchored in the CAP. In reference to remote and constrained regions⁵, some Member States (Poland, Bulgaria, Germany, Austria, Croatia, and Hungary) especially support those regions with EAFRD funding beyond farming. However, when comparing rural development and joint support volumes to those of the other ESIF, the latter exceed EAFRD support in 12 out of 22 Member States in constrained

or remote rural regions: Germany, Estonia, Spain, Croatia, Hungary, Italy, Latvia, Poland, Portugal, Slovenia, and Slovakia.

Figure 84: Average annual funding of EAFRD and other ESIF in constrained and remote rural region, relative split by Member State



Source: Project team, 2023, based on SFC data for EAFRD, and EMFF, and kohesio for the ERDF, ESF, CF. Note: paid-out expenditure was estimated for ERDF/CF, ESF by multiplying planned expenditure per NUTS3 region with the execution rate of ERDF, ESF, CF funding as per cohesion data for rural areas.

Across the 12 case studies, understanding of what constitutes a rural area or region varies significantly, even within Member States. In this context, the understanding of what constitutes a remote or constrained rural area also varies. Most (such as Austria, Germany – Brandenburg, Spain – Castilla-La Mancha, Czechia did not provide targeted EU support to remote or constrained rural regions beyond M13 (ANC), nor did they make use of specific definitions to differentiate sub-types of rural regions (e.g. by remoteness or other characteristics similar to those presented in section 5).

Case study evidence points to synergistic interactions between the EAFRD and other ESIF when supporting remote or constrained rural areas. However, these Member States employ different funding approaches when it comes to supporting remote or constrained rural areas, making generalisation difficult.

A primary example of a highly synergistic approach to integrate various EU funding sources specifically targeted at remote and constrained rural areas is the Inner Areas strategy implemented by **Italy**.

In **Croatia**, while the EAFRD did not implement specific support beyond M13 to remote rural areas, cohesion policy funding (internet access, education and skills) was targeted at areas with natural constraints. **Finnish** remote rural areas were provided additional ERDF support, making the fund an important vehicle to support rural development in terms of enterprise development, innovation, R&D and accessibility. This was complemented by EAFRD funding, primarily M16 Cooperation, which also targeted sparsely populated areas. In **Portugal** the EAFRD played a strong role in supporting the Azores and Madeira with targeted infrastructure development (M04.3 and M19 LEADER). M04.3 was used to fund small-scale transport infrastructure and M19 supported tourism infrastructure in both regional RDPs, with investments to renewables and energy-efficient ICT equipment also supported via M19 in the Azores. **Bulgaria** implemented targeted support to the more remote region of north-west via the ERDF (large scaler infrastructure, ICT, SME support, tourism and cultural heritage), ESF (employment and social inclusion) and EAFRD (priority given to this region for M04 and M07 projects).

10.1.2.4 JC5.4: The coherence of the CAP 2014-2022 with other EU support is different in Member States with (a) a holistic strategy, (b) political commitment, or (c) other types of frameworks.

The coherence of the CAP 2014-2020 with other EU support decreases as we move from group (a) to (b) and (c), since the holistic approach ensures more integration among funds from design to final implementation, and the mechanisms set up for integration are more effective than simple demarcation criteria. Hereafter, the discussion presents the coherence by groups of countries.

Member States with a holistic strategy

These Member States have specific schemes designed and targeted to rural areas. Holistic means that differentiated support instruments are integrated at the regional/local level to maximise the outcomes of policy interventions. Where there is a holistic approach, the complementarity and synergies between CAP instruments (rural development substantially) and other funds are higher if they jointly pursue shared objectives.

France, Ireland, Italy and Spain are included in this group. The key characteristics of these approaches are reported in section 4.2. These Member States all target diverse rural needs, going beyond farming and sectoral support (e.g., including infrastructures, services, cultural and social initiatives, where the entire rural population is a target) using these strategies (see also Table 3 in section 4.2). The identified needs of rural areas targeted with these strategies are coherent with those specified in the LTVRA. In addition, they are achieved through EAFRD and also through other ESIF.

In the group of Member States employing holistic strategies, coherence between CAP and other EU funding is strengthened by channelling multiple funds and instruments through a place-based logic, which means policies target interventions to specific places without leaving the most problematic rural areas in competition for funds with the strongest ones. This is particularly emphasised in Spain, which has set a specific national strategy for depopulated areas. Likewise, the areas with the highest deficit in service provision (called inner areas to define peripheral and ultra-peripheral territories) have been a focus in Italy due to high depopulation rates. France has used the same concept by defining particular areas as *pôles d'équilibres territoriaux et ruraux*. Within these poles, it defined special areas that need particular plans due to their socio-economic situation. In conclusion, there is a clear emphasis on a holistic but territorial approach, where "territorial" means a greater focus on areas with special needs. This concentration is less evident in Ireland, where all rural areas are potentially eligible. These approaches combine EU funds (including EAFRD) and national funds. Another essential difference between countries is that local initiatives are implemented via area-based strategies in Italy and France (designed by aggregations of municipalities). In contrast, in Spain and Ireland they are based on individual beneficiary applications.

Mechanisms to ensure coherence in these policies among the different types of interventions are different (see Table 17). One common point is the presence of an inter-ministerial or inter-departmental structure of various sectoral administrations, whose tasks are steering implementation and providing consistent rules and directives. Approval is after technical and financial assessment. Specialised structures with specific administrative and sectoral skills assess each proposal's feasibility and internal coherence, and formally approve the proposal. When projects are supported by EU co-funded programmes, assessment procedures and criteria are those used by these programmes (RDP and other ESIF operational programmes).

Table 17: Mechanisms to ensure coordination and coherence in countries with holistic approach

Country	Italy	France	Spain	Ireland
Name of the policy	Inner Strategy	Agenda Rural & Rurality Contracts and Territorial Contracts	National Strategy to meet the Demographic Challenge	Action Plan for rural development (2017-19)
Governance structure (inter-ministerial or inter-departmental bodies)	National committee for inner areas	National agency for territorial cohesion, in charge of rurality	Planning, coordination and monitoring committee, responsible for the definition and planning of the actions and projects proposed	Department of rural and community development, coordinating different government departments, state agency or other body
Instruments to reinforce coherence	Integration with LEADER measures in some regions. Calls for applications targeted to inner area strategies or selection criteria incentivising projects from inner areas strategies	Specific technical staff (territorial engineering agents)	Integrated territorial investments (ITI). Selection criteria incentivising projects from depopulated areas or greater aid intensity	No special coordination mechanism

Source: Project team elaboration from case studies, 2024.

Coherence among the different interventions is ensured by envisaging a combination of integrated measures that differ between each policy. In Italy and Spain, the interventions focus on rural areas under demographic decline. In this regard, in Spain, strong coherence is ensured by the ITI approach, which is stronger than at the national level. In Castilla-La Mancha, ITI reinforces coherence between the Structural Funds. External coherence of the CAP, specifically EAFRD, with other funds and programmes has been strengthened by implementing the ITI, which allows joint efforts of different funds to be combined around a common objective: depopulation. In concrete terms, the ITI has enabled the demographic challenge to be taken into account across the administration in the calls for projects financed by the various structural funds, particularly via the introduction of more favourable selection criteria for projects carried out in ITI zones, or through greater aid intensity⁶³. In the EAFRD, priority financial support has been given to those measures linked to sparsely populated areas at risk of depopulation.

In Italy, there is complementarity between measures to facilitate access to services (education, local mobility and healthcare services and measures supporting investments in economic activities at the local level). To reinforce coherence, in some regions, IASs have been implemented through integration with LAGs' local development strategies. In contrast, in other regions they have been implemented through more favourable selection criteria or specific calls for applications⁶⁴.

In France, territorial contractualisation policies have a longstanding tradition, particularly with territorial contracts initiated by the first decentralisation policies in 1982-1986. Contracts with the state that structure the national policies for rural areas (such as the rurality contracts) are drawn up directly with the local authorities. The combination of funding sources and needs is designed at the local level, as demonstrated by the particular measures in the example of the Creuse department plan.

France has set up a national strategy called the agenda rural, now called France ruralités, which is a "strategic" framework at the national level. It does not have dedicated funds

⁶³ Provided that these incentives are compatible with the object, purpose, intensity and maximum levels of aid established in the applicable regulations.

⁶⁴ Like in Spain, these incentives and calls must comply with the rules of EU programmes.

from either the CAP/EAFRD, other ESIF or national and regional funds. For the successor to the agenda rural, France ruralités, some resources (EUR 90 m) are specifically earmarked for rural areas. These funds appear to come from ministries that dedicate part of their actions to rural areas. In France, an inter-fund steering committee ensures the general coordination. Clear demarcation rules have also been set up in the case study region of Limousin, based on various criteria (by areas of intervention, geographical zoning and scale of implementation). Some examples of complementary mobilisation of ERDF and EAFRD for digitalisation and ICT are mentioned. In contrast, more synergistic use is found where policies are territorialised, as in the case of integrated territorial instruments and LEADER.

In Ireland, no specific mechanism beyond the partnership agreement has been set up to ensure coherence.

In some cases, specific technical structures provide advisory services and support at the local level for project preparation and design. In Italy, this is implemented by the national committee for inner areas; in France, there is the national agency for territorial cohesion⁶⁵ and specific technical staff (territorial engineers, whose role was to help local actors mobilise the appropriate funds to meet their needs). These specialised support structures have fostered complementarity and potential synergy between CAP funds and other regional and national funds (as pointed out in the two case study reports).

The presence and implementation of a holistic approach in these countries was characterised by some difficulties integrating different funds: operational difficulties, given their novelty and a lack of sufficient coordination. In Spain, for example, the participation of ERDF was deemed (by interviewed stakeholders) to be below expectations in the field of infrastructure. In contrast, a specific misalignment between EU funds was noted in France and Italy due to divergence in the implementing rules.

Member States with strong political commitment

This group includes three Member States: Austria, Finland and Czechia.

In the presence of very broad indications about general strategies, coherence is mainly through setting up clear demarcation rules to avoid overlapping activities of EU funding. The most significant potential for overlaps exists between ERDF and EAFRD. All case studies emphasise coordination and continuous dialogue between programme bodies, especially between the monitoring committees of different funds. Nonetheless, there are areas of interventions where demarcation rules have been set up as necessary.

Austria maintains an overarching framework for integrated territorial development, namely the Austrian spatial development concept 2030. The interventions demarcated were tourism promotion, business start-ups and business support, renewable energies-biomass, ICT and broadband infrastructure promotion. Since the implementation was decentralised mainly at the level of the federal states, in many cases, the expert bodies of the federal states are responsible for measures in several programmes, which facilitates that funded projects complement each other. More intensive forms of ERDF/EAFRD integration are applied via LEADER/CLLD in only one of the nine federal states (Tyrol). This approach works relatively well, but remains challenging in terms of administrative burden.

Finland and Czechia introduced general strategic approaches for rural areas: the national rural policy programme in Finland and the rural development concept in Czechia. In Finland, targeted measures on sparsely populated areas have been supported only by limited financial resources, but under the coordination of the rural policy council. Czechia applied a general framework through action plans supported by EU and national funds and targeted rural areas. Czechia applied a strong multifunding approach in LEADER/CLLD

⁶⁵ The ANCT was created in 2020 from the merger of former territorial cohesion authority CGET and the national digital agency.

using funding from all four ESIF. However, rural development beyond farming is only delivered by M19 through the EAFRD, with limited integration with the other ESIF in other measures.

Member States with other types of framework

This group includes Germany, Portugal, Romania, Croatia and Bulgaria.

In these Member States, policies are largely thematically focused. These Member States generally lack a dedicated long-term national strategy to support the needs of the rural areas beyond farming, even under the form of a national strategic framework. National funds are mainly used to complement the RDPs and the required national co-financing. Strategic documents or frameworks dedicated to rural areas with needs beyond farming are generally absent or have not significantly affected the implementation of rural development support.

Even the definition of rural areas needs to be sufficiently developed as in other countries. In Bulgaria, for example, the regional policy rarely mentions "rural areas" and given the high share of agricultural activity, the attention is on this sector. Rural areas are municipalities with no settlements over 30 000 inhabitants in 2014-2022 (reduced to 15 000 in 2023-2027). The OECD definition is used in other countries but with no particular differentiation regarding more territorially targeted policies.

The coherence between CAP and ESIF is ensured by the governance structures created under the partnership agreement 2014-2020. For example, Romania ensures coherence at the institutional level through the creation of a structured coordination mechanism, including i) the 2014-2020 partnership agreement monitoring committee, ii) five thematic sub-committees, and iii) four functional working groups under the responsibility and coordination of the ministry of investments and European projects. The role of the mechanism is to ensure strategic and complementary coordination during the implementation of the partnership agreement with a specific focus on coherence, synergies and demarcation between all national and EU policies.

Despite lacking a more general strategic framework concerning rural areas, some countries seek to find a more limited coherent frame by designing a multifund CLLD approach for interventions in rural areas, such as in Portugal. Countries like Germany, through CLLD, set up a governance structure involving different public bodies to manage integrated interventions and ensure a consistent frame for LAGs. Nonetheless, finding coherence within the CLLD approach does not seem easy through coordination (case study Germany – Brandenburg).

In all countries, careful attention is paid to demarcation between CAP/EAFRD and the other ESIF, especially in those interventions where the probability of overlapping is high. The approach aims to achieve demarcation to meet the requirements of the audit rules. Integrated programmes/projects for a particular territory to meet specific problems and needs were generally not funded, the exception being CLLD and cross-border programmes.

10.2 ESQ 6: To what extent were the CAP in 2014-2022 and national funding for rural areas complementary to address the themes of the rural vision?

10.2.1 Summary answer

Analysed support under the national and regional policy schemes was coherent with LTVRA block of actions. However, support schemes were concentrated on stronger and connected rural areas and the effort in aiming at these objectives differs from country to country. National and regional schemes to target remote or constrained rural regions were identified mostly in Member States taking explicit account of these rural areas in their governance frameworks. Among the different typologies of policy approaches to rural areas, those countries with a holistic approach and with political commitment have been more capable to ensure a national support consistent with the LTVRA.

10.2.2 Answer based on the judgement criteria

10.2.2.1 JC6.1: The support under the CAP 2014-2022 is coherent with national and regional support in addressing the needs and actions of the LTVRA.

National and regional support varies from country to country. To capture this diversity, case studies provided information on national and regional policy with high relevance to the objectives of the LTVRA⁶⁶.

Overall, the twelve case studies reported 69 national/regional schemes targeting needs related to the LTVRA. Over one-third is in the stronger rural areas category (see Table 18), where rural revitalisation, village renewal and demographic change represent the largest share. In this regard, the intense focus that Ireland, Italy, Finland, and Spain give to revitalising rural areas is worth noting. In particular, Spain, Finland and Italy have introduced specific schemes addressing the most depopulated rural areas funded by national and regional resources and complementing RDPs as well as ERDF OPs. France contributes with numerous and diverse schemes to stronger rural areas. It is also interesting to note that some countries support the active participation of stakeholders in decision-making with their funds, a specific field of intervention usually taken on board by LEADER. This indicates that there is a demand for support that goes beyond LEADER/CLLD.

A second group of schemes (16) aim to support connected rural areas, notably through digital connectivity, transport infrastructures and rural mobility interventions (see Table 19). Multiscope national programmes often include interventions to support digital facilities and transport that, from 2021 onwards, have been included in the national recovery and resilience plan (in all cases, these interventions are in the 2014-2020 period). Transports in rural areas are usually untargeted by RDPs, and national schemes counterbalance this lack of funds.

The third group of schemes concerns resilient rural areas (12 schemes), but only four countries (France, Italy, Spain, and Czechia) have introduced schemes for this action field (Table 20).

Table 18: Number of national/regional schemes addressed to stronger rural areas

Block of needs	AT	FI	FR	IE	IT	DE	ES	CZ	PT	BG	HR	RO
Active participation of stakeholders in decision making			**	***	*	*		*				
Rural revitalisation – village renewal and demographic change	*	*	*	***	**		*	*				
Research and innovation for rural communities		*	**			*						
Access to basic services and services of general economic interest	*		*	**	*	*	*					
Land use and zoning												
Education, training, youth, sport, and volunteering in rural areas			**	*								
LEADER/CLLD												
Smart villages												

Source: Project team elaboration from case studies, 2024; Note: each star identifies a specific scheme.

⁶⁶ It is worth noting that only schemes supported by national/regional funds were analysed. Some schemes are mixed frameworks of different interventions which target more than one block of action. In the case that more than one LTVRA block of action is targeted, that single scheme is included in different blocks.

Table 19: Number of national/regional schemes addressed to Connected rural areas

Block of needs	AT	FI	FR	IE	IT	DE	ES	CZ	PT	BG	HR	RO
Digital connectivity (rolling out broadband, fixed and mobile, 5G)	*		**			*	*				*	
Development of digital technologies (Innovation)							*					
Improvement of digital skills							*					
Improving transport infrastructures			*	*			*	*				
Rural mobility, including multi-modal digital mobility services and innovative transport solutions			*		*	*				*		
Urban-rural linkages in terms of mobility												

Source: Project team elaboration from case studies, 2024; Note: each star identifies a specific scheme.

Table 20: Number of national/regional schemes addressed to Resilient rural areas

Block of needs	AT	FI	FR	IE	IT	DE	ES	CZ	PT	BG	HR	RO
Energy transition for rural communities (including renovations, European Bauhaus)			**		*							
Climate action			*									
Soil health												
Greening farming activities												
Women empowerment and entrepreneurship/gender equality							**					
Social inclusion (migrants, people with disabilities, minorities, LGBTQ+)							*				*	
Care services (long-term care, childcare, elderly care)				*	*		**					
Health and safety at work												

Source: Project team elaboration from case studies, 2024; Note: each star identifies a specific scheme.

Table 21: Number of national/regional schemes addressed to Prosperous rural areas

Block of needs	AT	FI	FR	IE	IT	DE	ES	CZ	PT	BG	HR	RO
Economic diversification (developing new sectors)												
Entrepreneurship, SMEs –making rural areas more attractive for them			*		**		*				*	*
Social economy				*								
Developing short supply chains (also in agriculture)												
Increasing employment opportunities for young people, including in farming	*						**					
Sustainable bioeconomy, including forestry		*	*		*							
Strengthening producer organisations	*											
Labelling and geographical indications												

Source: Project team elaboration from case studies, 2024; Note: each star identifies a specific scheme.

Finally, the schemes aiming at prosperous rural areas (14 schemes, Table 21) are more widespread between countries than the resilient ones (Table 20). Half of these schemes focus on entrepreneurship and SMEs located explicitly in rural areas, complementing those interventions already foreseen in ESIF operational programmes. In most cases, however, these schemes target rural enterprises that cannot access EU programmes.

Most of the time, these schemes are managed by the same national or regional administrations implementing the RDPs. This factor ensures coordination is taken over by the same bodies with full knowledge of the EU and national rules. But in some cases, specific other or decentralised bodies coordinate the different funds. In Finland, for example, the coordination between the RDP and national rural policies is overseen by a regional cooperation body designated for the entire programming period. Membership includes representatives of the regional councils and other relevant regional authorities and NGOs, such as local action groups, environmental and equality organisations, entrepreneurs, farmers and other parties.

In some countries, LAGs represent another form of decentralised body to ensure coherence between regional schemes and the EAFRD. In France, for example, territorial contracts introduced correspond precisely with the LAG's territory. Despite a very different governance structure, this geographical match allows for coherence and complementarity in using regional and EAFRD funds. Moreover, since this is all managed at local level, there is an opportunity to create a strong connection between these two funding approaches. A similar case is the relation between the inner areas strategy and LEADER in Italy. The majority of inner areas strategy pilot project areas falls within the LEADER territories, and LAGs contribute to implementing the local inner area strategies in many cases. Only in very few instances, inner areas strategies fall outside the LEADER territorial remit, but in those cases, the contribution of EAFRD is ensured through other RDP measures.

10.2.2.2 JC6.2: The support under the CAP 2014-2022 is coherent with national and regional support in addressing the needs and actions of the LTVRA, particularly in relation to remote rural areas and rural areas facing specific constraints.

The coherence between CAP and national and regional support for remote rural areas is presented under JC6.1 concerning those case studies focused on depopulated rural areas (see the examples reported for Spain, Italy and Finland). In terms of the action fields stronger and connected rural areas, Ireland, Italy, Finland and Spain employ targeted national and regional approaches which are coherent with the CAP in respect to rural areas facing specific constraints. This is, for example, the case for depopulated areas in Italy, Finland, Ireland, and Spain.

Support to areas with natural constraints (M13.1 ANC) compensates farmers for income losses due to their location in mountainous areas, and M13.2 compensates for income losses in farms located in areas with other natural constraints. These measures focus on farms operating in certain territories and are always delivered as single schemes, complementing other general schemes operating on larger territories (i.e., measures supporting farm investments like M04.1).

The definition of ANC often overlaps with the definition of remote/depopulated areas introduced by specific national schemes, such as inner areas strategy in Italy or rural revitalisation zones in France. This implies that the specific measures for ANC complement other broader spectrum interventions defined at the national level. For example, rural revitalization zones (*zones de revitalisation rurale*), created by law (*loi d'orientation pour l'aménagement et le développement du territoire*) in 1995 and reformed in 2015 are designed to concentrate state aid measures benefiting the least populated rural areas most affected by demographic decline (observatoire des territoires, 2020). As of July 1, 2017, revitalisation zones had to meet several criteria: a declining active population (since 2018), low population density or even decline, and a high proportion of agricultural employment. Within those revitalisation zones, the most socio-economically fragile

municipalities are targeted with special tax regimes⁶⁷, particularly for businesses (including doctors and nursing homes). The aim is to support the creation and recovery of jobs and economic development in these areas.

While there are specific Member States which target national and regional support coherent with the CAP to these areas, as identified above, the majority of analysed cases did not reveal a widespread adoption of said policies. Those Member States with relevant support for remote and constrained areas generally also accounted for remote and constrained rural areas in their policy frameworks.

10.2.2.3 JC6.3: The coherence of the CAP 2014-2022 with national and regional support is different in Member States with (a) a holistic strategy, (b) political commitment, or (c) other types of frameworks.

The coherence of the CAP 2014-2022 with national and regional support is ensured in all countries by compliance with EU rules regarding public support of investment and State Aid. In Member States with a holistic approach, the coherence is reinforced by other programming and implementing mechanisms, such as a framework of objectives and vision of rural areas, a more precise definition of targeted rural areas, and specific mechanisms of coordination (at the national or regional levels, see ESQ5, JC5.6).

The importance of a holistic approach for a specific group of Member States is also confirmed by the more significant effort from these countries in supporting the LTVRA framework.

Considering the number of different policy schemes supporting LTVRA (see Table 22), disaggregated by the three groups of approaches, those with a holistic approach turn out to be more active in designing national or regional schemes than the others: about 70% of the identified national and regional schemes were found in case studies belonging to the holistic category.

These schemes are partly functional to cover interventions focusing on areas which EAFRD cannot support: for example, the Spanish national strategy for demographic challenge and the strategic plan for equality; the interventions in healthcare services, local transports and primary and secondary education and vocational training in the Italian inner areas strategy, etc.

Table 22: Number of policy national schemes by LTVRA category and typology of country

LTVRA categories	Holistic approach				Policy commitment			Other frameworks					Total
	FR	IE	ES	IT	AT	FI	CZ	DE	PT	BG	HR	RO	
Stronger	8	7	2	4	2	2	2	3	-	-	-	-	30
Connected	4	3	4	1	1	-	1	2	-	1	1	-	16
Resilient	3	5	5	2	-	-	-	-	-	-	1	-	12
Prosperous	2	5	3	3	2	1	-	-	-	-	1	1	18
Total	17	13	14	10	5	3	3	5	-	1	3	1	69

Source: Project team elaboration from case studies, 2024; Note: totals by MS may not add up, as one scheme may target multiple action fields.

10.3 ESQ 7: To what extent were the CAP in 2014-2022 and other support for rural areas complementary to address the themes of the rural vision?

10.3.1 Summary answer

The coherence between the CAP 2014-2022 and the EURI-NGEU crisis support in addressing the LTVRA is high, with significant funding in measures beyond farming. In

⁶⁷ Including tax exemptions, exemption from social security contributions, territorial economic contributions.

contrast, synergies between the CAP 2014-2022 and the crisis response instruments for cohesion policy (CRII(+), FAST-CARE, CARE(+), ReactEU) are neutral as these instruments primarily introduced flexibility and simplification to cohesion policy programmes in relation to emerging needs and generally lack territorial targeting. In terms of the 2023-2027 period, particularly the RRF (via the NRRPs) and the ERDF is likely to see increased prominence in supporting investments in rural areas, in relation to infrastructure (including digital), mobility and energy investments. In some Member States, this may translate into a declining role of the EAFRD (compared to the 2014-2022 period) in terms of supporting rural development beyond farming outside of LEADER.

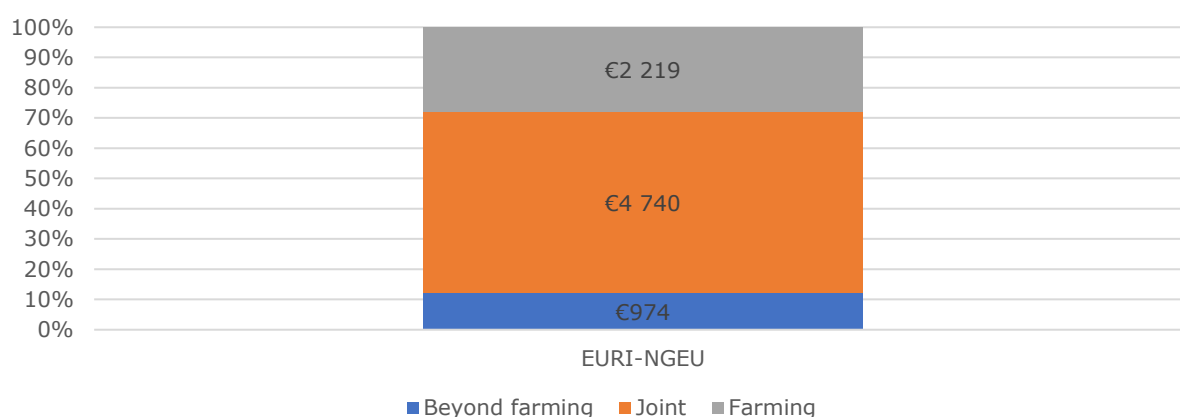
10.3.2 Answer based on the judgement criteria

10.3.2.1 JC7.1: The support under the CAP 2014-2022 is coherent with the RRF (EURI-NGEU and the NRRPs) and the Cohesion Policy crisis instrument support in addressing the needs and actions of the LTVRA

The extension of the RDP funding via EURI-NGEU translated into approx. EUR 8.05 bn in additional EU resources for the RDPs (see also section 7.4, Figure 53). Of these, approximately EUR 974 m (12% of total expenditure) are dedicated to rural development beyond farming, via M07 (EUR 872 m) and M19 (EUR 102 m). Joint support accounts for the majority of expenditure (60%), amounting to approx. EUR 4.7 bn. As such, the EURI-NGEU support represents an important vehicle for the CAP 2014-2022 to continue fostering its support to rural areas, also in terms of beyond farming support. The case studies note similar patterns, with EURI-NGEU expenditure supporting rural development beyond farming especially with its sustained support to M07 and M19.

The funding shows relatively high relevance to the action fields connected and stronger rural areas, with top-ups for M07, M19 and M16. In addition, top-up funding is also made available for the agro-environmental measures (M10-13), M05, as well as M15, M16 and M17, overlapping well with the action field resilient rural areas. Economic support for rural economies (prosperous rural areas) is extended via M01, M02, M03, M04, M06, M08, M09, M16.

Figure 85: EURI funding rural development beyond farming (in MEUR)



Source: Project team 2023 based on COM(2022) 447 final.

Horizon 2020 included some research projects of relevance to the LTVRA⁶⁸. The funding of such research projects (15 dedicated to rural research in that period, amounting to EUR 80 m in EU contributions) is expected to generate impacts which will indirectly promote business and job opportunities that may benefit rural areas in the long-term. While very limited in terms of funding, horizon 2020 shows positive coherence with the

⁶⁸ Under societal challenge 2 on “food security, sustainable agriculture and forestry, marine, maritime and inland water research, and the bioeconomy” and challenge 6 “addressing cultural heritage or migrant integration” (COM (2011) 811).

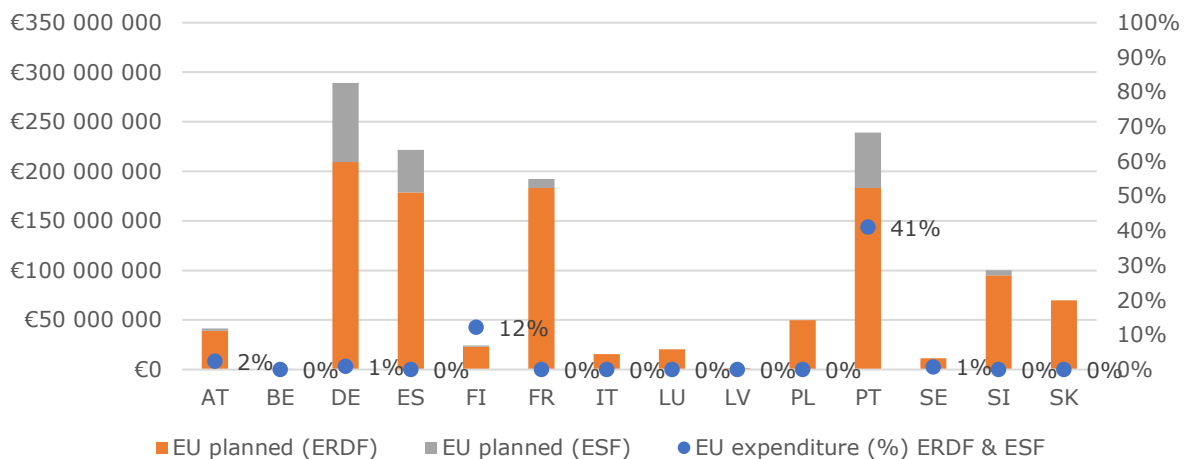
LTVRA. This may be improved in the successor programme, Horizon Europe, as it includes a dedicated research flagship in the EU rural action plan.

In response to the COVID-19 pandemic, as well as the energy crisis and the refugee crisis as a result of the Russian invasion of Ukraine, the European Commission introduced several crisis response instruments to allow for more flexible and targeted use of cohesion policy. The instruments CRII/CRII+, CARE/CARE+, FAST-CARE and SAFE were introduced to improve flexibility of the ERDF/ESF/CF operational programmes in light of rapidly evolving needs. They are not specifically targeting resources at rural areas, rather providing an avenue for cohesion policy programmes to more flexibly target needs. In terms of overall coherence with the CAP 2014-2022, these instruments do not have a specifically different relationship than what the ERDF, ESF, CF programmes have with the EAFRD.

- CRII/CRII+ was introduced in 2020 to provide additional flexibility to cohesion policy programmes to mitigate the impacts of COVID-19 in line with cohesion policy goals. The instrument enabled programmes to re-direct unspent resources to COVID-19 related needs, at up-to 100% co-financing rates.
- CARE/CARE+ introduced in 2022 additional flexibility to target needs associated with the refugee crisis, including retroactive eligibility, 100% co-financing, and reporting simplification.
- FAST-CARE provided further simplification and flexibility for cohesion policy funding related to the refugee crisis in 2022 by easing the transfer of resources between thematic objectives or within priorities of a programme or category of region. It also extended the eligibility of operations related to refugees to outside of the programme area.
- SAFE was adopted in early 2023 to introduce flexibility and eligibility, up-to 100% co-financing to operations reducing the dependence on Russian fossil fuels and supporting a green energy transition.

In addition, extra funding to cohesion policy was provided via REACT-EU, amounting to a EUR 50.4 bn top-up for 2021-2022 period of the cohesion policy 2014-2020 period. ReactEU supports a green, digital, and resilient recovery and continued support under CRII(+). This funding is implemented via ERDF and ESF programmes, following established coordination mechanisms. In total, approx. EUR 12.8 bn of ReactEU support is implemented via the ESF for labour market measures, EUR 4.1 bn to education and training, and EUR 2.1 bn to supporting social inclusion. ERDF support includes support to enterprises and businesses (EUR 8.7 bn), healthcare (EUR 7.7 bn), research and innovation (EUR 1.1 bn), as well as digitalisation (EUR 3 bn) and green transition support (EUR 8.7 bn). ERDF and ESF funding implemented under the scope of ReactEU were extended in terms of eligibility until the end of 2023. Crucially, the ReactEU funding implemented via ERDF and ESF programmes offers significant enhanced flexibility, including no specific requirements related to thematic concentration or by category of region.

Figure 86: EU planned and spent expenditure in rural areas under TO13



Source: Project team, 2023, based on Cohesion Data; note: no details on thematic foci of the funding are provided in the database.

Of the approx. EUR 50.4 bn planned in terms of ReactEU resources, only about EUR 1.27 bn of EU funding are dedicated to supporting rural regions (see Figure 86) The ERDF has a relatively stronger role compared to the ESF in terms of supporting rural areas via ReactEU. Overall, while not being especially targeted at rural areas, the funding implemented via ReactEU is thematically coherent with the LTVRA, with its emphasis on green and energy transition, research and innovation, as well as business support and social inclusion, when implemented in rural areas.

Findings from the case studies (e.g. Austria, Germany, Limousin – France) highlight that this funding is used to support largely existing interventions within ERDF and ESF programmes and largely without an explicit territorial focus (such as for Castilla-La Mancha in Spain) or with strict thematic demarcation (such as in the case of health infrastructure for Castilla-La Mancha in Spain, Czechia, or generally in Austria). Important considerations for the funding allocation seems to have also been the absorptive capacities of the programme areas and related performance of the ReactEU funded interventions (Germany – Brandenburg), with support rather going to interventions which are able to meet the relatively strict eligibility period of ReactEU funding. As such, ReactEU does not have any specific synergies with the CAP 2014-2022.

However, as with the other crisis response instruments, this also **highlights territorial blindness with rural areas not explicitly** (or only to a limited extend) **anchored in the respective instruments**. By design and purpose of these instruments, this low degree of territorial focus is not surprising as it increases ease and speed of implementation.

10.3.2.2 JC7.2: The CAP 2023-2027 is coherent with the CPR funds in addressing the needs and actions outlined in the LTVRA

With the post-2020 CAP reform, the EAFRD 2023-2027 is no longer a part of the former ESIF. However, Member States (Austria, Italy, Germany – Brandenburg, Spain – Castilla-La-Mancha, Croatia, Finland) have retained the associated governance structures of the pre-2023 period to ensure coordination and implement synergies, even if the EAFRD is no longer governed by the partnership agreement. However, the case studies (Romania, Bulgaria) also noted low or declining levels of coordination between the EAFRD and the common provision regulation (CPR) funds.

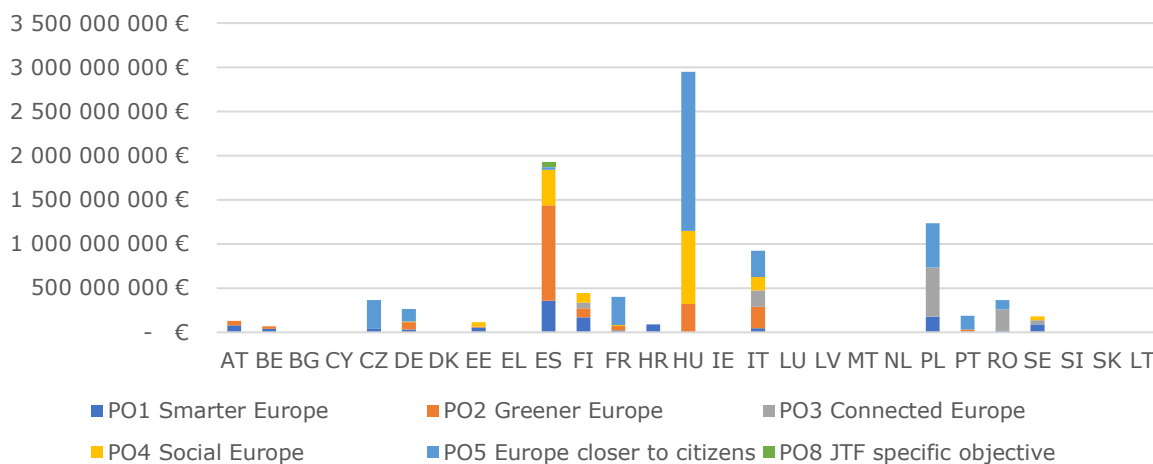
Support to rural areas complementing the CSPs from other CPR funding is prominent in the 2023-2027 period, with especially the ERDF and ESF+ used by Member States to address rural needs (METIS., Agrosynergy., and ECORYS., 2023). Only few Member States will use the directly managed programmes such as horizon Europe and LIFE to support the

development of their rural areas and only one Member States will do so via national funds (Finland). In such cases, demarcation mechanisms were set in place by the Member States to avoid double funding.

The CPR funds target only a relatively small share of the total 2021-2027 expenditure directly at rural regions, as can be seen in see section 7.5. This is furthermore visible when examining the territorial targeting at Member State level. In ten Member States (Bulgaria, Cyprus, Denmark, Ireland, Latvia, Malta, Netherlands, Slovenia, Slovakia and Lithuania) no funding is explicitly planned for rural areas. However, this absence of territorial targeting does not imply a general lack of funding for rural areas. Funding marked as “no territorial targeting” makes up the majority of planned funding. It can be tapped on by beneficiaries from rural areas as well. This is also the case of the EMFAF funding, which dedicates EUR 4.7 bn to PO2 greener Europe and EUR 592 m to PO5 Europe closer to citizens, however, without an explicit targeting of rural areas. Cohesion funding foresees EUR 2.3 bn to be spent in strategies for non-urban territories, including around EUR 325 m for CLLD (SWD(2023) 134 final). The amount of funding made available for rural areas, as such, can likely only be comprehensively assessed in the ex-post evaluations of those funds.

Figure 87 illustrates the amounts planned per Member State as well as the split by policy objectives. Funding targeted at rural areas exceeds EUR 500 m only in Spain, Hungary, Italy and Portugal. As identified by METIS, Agrosynergy, and ECORYS (2023), potentials for synergies between funds within the context of the LTVRA are most likely to be observed in LEADER, with 11 Member States implementing multi-funding approaches. Multi-funding approaches are implemented mostly with the ERDF and ESF+. Typical demarcations can also be observed in relation to CAP support addressing the LTVRA. Investments supporting the renewable energy operations (resilient rural areas) are often funded by other funds than the EAFRD, such as the ERDF (Cyprus, Germany, Estonia, Croatia, Finland, Latvia, Lithuania, Spain), similarly on digitalisation in which the CSPs foresee limited action for rural development beyond farming. The funding tools applied to target these needs are generally the ERDF/CF and JTF alongside other sources.

Figure 87: Planned expenditure (EU, 2021-2027) in rural areas, ERDF, CF, ESF+, by MS and PO



Source: Project team, 2023, based on based on Cohesion Data; Note: EMFAF does not specifically foresee pre-targeted funding for rural regions as per Cohesion Data.

A prominent theme among the case studies is rather strict demarcation between EARFD 2023-2027 and CPR 2021-2027 funding. This can be tied to the thematic complexity of needs in rural areas, but also to the complexity of aligning different programmes with, at-times, different objectives, as was pointed out in the Austrian case study, and different time periods of the funds, as highlighted in the French case study. As opposed to fostering synergies, **funds tend to demarcate more strongly, thematically or geographically, to minimise the potential of negative interaction.**

Examples of synergistic support in relation to the LTVRA were identified by the case study experts. A prominent example of synergistic approaches to address broad ranges of rural needs is multi-funding CLLD (Czechia, France – Nouvelle Aquitaine, Austria, Romania), which enable a more comprehensive targeting of rural needs. Rural innovation support was noted to be implemented by EAFRD and ERDF measures in Austria and Germany (Brandenburg), with a focus on agricultural innovation in Brandenburg. In both cases, demarcation (in terms of types of funded operations) between the individual measures is implemented to avoid double funding. Social inclusion and employment creation was another field with relatively more interactions between the EAFRD and the ESF+ (Romania, Germany – Brandenburg). A particularly innovative approach combining EAFRD implementing structures and ESF+ funding was identified in Austria: social and gender inclusion projects are financed via ESF+ funding, with LAGs involved in project selection and monitoring.

Overall, across the assessed case studies, most interactions between the CSPs and CPR funds were limited to ERDF and ESF+ programmes. EMFAF support was highlighted in one case (Romania) to promote food security and competitiveness for fishery products (prosperous rural areas). However, the programmes plan strict demarcation between EAFRD and EMFAF interventions.

However, some case studies also identified a declining role of the EAFRD in terms of fostering rural development beyond farming: in the case of Limousin and Nouvelle Aquitaine (France) basic services and infrastructure investments are no longer supported by M07 or M19, but rather by ERDF, due to easier implementing modalities. In Bulgaria, support to basic infrastructure is also provided by the ERDF with no support via the CSP. A somewhat declining role of the CAP in terms of support beyond farming was also highlighted in the Spanish case study (Castilla-La-Mancha).

The crisis instruments implemented as a response to the economic shocks tied to COVID-19 and the energy and refugee crisis as a result of the Russian invasion of Ukraine (see also JC7.1; section 10.3.2.1) have a limited relevance in the 2023-2027 period. The associated flexibility for cohesion policy programmes is tied to the 2014-2020 period. Only FAST/CARE sees use for the 2021-2027 cohesion policy OPs, enabling an additional 0.5% pre-financing for ESF+ and ERDF/CF support in 2022 and 2023. Similarly, specific ReactEU support will also be implemented in the 2021-2027 period. However, as the funding is disbursed via existing cohesion policy implementing structures, and generally without a clear focus on rural areas, no specific synergies between the CAP 2023-2027 and ReactEU funding in addressing the LTVRA are expected.

10.3.2.3 JC7.3: The CAP 2023-2027 is coherent with the RRF in addressing the needs and actions outlined in the LTVRA

The RRF with its support implemented via the NRRPs gained in prominence in terms of supporting rural development beyond farming with the 2023-2027 period. An assessment of the implementation of the NRRP (Ferry, Kah and Fonseca, 2022) indicates that support targeting specific territories (e.g. rural and remote areas) includes actions such as enhanced rehabilitation of peatland (in Ireland), support for the national strategy for inner areas (in Italy), and health infrastructures and services (in Portugal).

According to the CSP approved by the European Commission in December 2022, all Member States intend to complement EAFRD fundings to rural areas via the RRF through the NRRPs (METIS., Agrosynergy., and ECORYS., 2023). Support implemented via the NRRPs gained a relatively strong prominence in rural development beyond farming. The NRRPs (Münch *et al.*, 2023) support needs related to village renewal and basic services (stronger rural areas) and high-speed internet (connected rural areas). RRF support is the main tool to foster high-speed internet connectivity in 16 Member States⁶⁹, as well as to

⁶⁹ Austria, Belgium (Wallonia), Bulgaria, Cyprus, Estonia, Spain, Finland, France, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Slovenia, Sweden.

support digitalisation in rural areas beyond farming in eight Member States⁷⁰. Further, support to renewable energy is implemented in eight Member States⁷¹ via the RRF, as opposed to the CSPs.

With the increased role of the RRF in fostering rural development beyond farming in the 2023-2027 period also arises a greater need for demarcation and coordination between the EAFRD support and the RRF support. Generally, Member States have made use of existing coordination and governance systems to ensure demarcation between the funds and foster synergies. In the case of Austria, representatives of the implementing body of the NRRP are included in the coordination and governance structures for the implementation of regional development policies. A relatively similar adaptation of governance structures to include the NRRP implementing bodies can also be highlighted for France, Croatia, or Finland.

The case studies highlighted Member States (Austria, Germany – Brandenburg) which do not make use of specific synergies between the RRF and the CAP 2023-2027, despite the role of the RRF in supporting rural development. A common approach for these cases seems rather strict demarcation to avoid double funding. With the relatively strong investment volume provided via the RRF compared to the EAFRD 2023-2027 for rural development support, this may have resulted in a comparatively reduced role of the EAFRD. In the case of Bulgaria, for example, investment support targeting high-speed infrastructure, irrigation and mobility solutions are implemented by the NRRP as opposed to the EAFRD in the 2023-2027 period.

A challenge in ensuring synergies between the EAFRD and the NRRP for rural development support comes from differences in governance levels between the implementing bodies. In Italy (Emilia-Romagna) the strong role of regional authorities in the implementation of the EAFRD compared to the national implementation of the NRRP poses challenges to the development of synergies between interventions. In Germany, with a similar difference in governance levels between EAFRD implementation and the NRRP, no specific synergies are foreseen for rural areas support with the EAFRD. RRF support to rural areas is rather coordinated through existing ERDF and ESF+ structures.

The case studies noted thematic alignment of the NRRP to needs as outlined in the LTVRA, particularly in terms in its support to rural areas beyond farming. This was found to be the case in Czechia, Romania, Croatia and Portugal. In the case of Spain, significant NRRP funding is provided to rural areas via 130 measures to mitigate depopulation. This support broadly corresponds to the four axes of the LTVRA. There are synergies planned between the CAP and the NRRP funding, such as in the case of generational renewal. While the overall implementation is at national level, the governance system underpinning the plan involves local and regional actors.

⁷⁰ Austria, Belgium (Wallonia), Bulgaria, Estonia, Croatia, Portugal, Romania, Slovakia.

⁷¹ Austria, Belgium (Wallonia), Denmark, Finland, Ireland, Latvia, Lithuania, Slovakia.

11. Conclusions and recommendations

The CAP 2014-2022 is providing valued support to rural development beyond agriculture, in predominantly rural regions across Europe. The CAP 2014-2022 also plays an important role in fostering investments contributing to the LTVRA in intermediate and more urbanised regions, throughout the EU-27.

The thematic diversity of the LTVRA reflects the diversity of rural areas as well as the variety and extent of their needs, challenges and opportunities. In line with both general and specific CAP objectives, CAP interventions over the period 2014-2022 have targeted a broad array of themes and related needs addressed by the LTVRA, but not all of them have been a specific focus and some have been addressed in more depth and detail than others. **The all-encompassing thematic diversity of the LTVRA exceeds the CAP's recent scope of action over the period since 2014.** Needs identified under "resilient" rural areas related to agri-environmental issues and under "prosperous" rural areas, particularly linked to the farming and agri-food sectors, are comprehensively targeted by CAP funding. Nevertheless, although a more limited amount of funding was dedicated to rural development beyond farming in both CAP 2014-2022 and CAP 2023-2027 periods, CAP funding has targeted a wide range of broader needs and opportunities, including needs identified under "stronger" rural areas in the LTVRA. Support of the CAP under the theme "connected" rural areas has been comparatively low, with less uptake of relevant measures (such as M07.3) among the Member States and implementation difficulties particularly related to the provision of high-speed internet access.

A limited number of measures (primarily M07, M16, M19) target many different needs. Particularly LEADER has proven to be an important measure in targeting rural needs beyond farming. While the small-scale and bottom-up delivery of these measures can in principle effectively target needs, this dispersal of limited funding in relation to a large variety of needs risks not adequately meeting individual needs. These patterns are potentially strengthened in the 2023-2027 period, with particularly LEADER funding targeted at a high number of needs related to rural development beyond farming, with a population coverage increased from 61% to 65%. **The project team recommends increasing the budget allocation of the EAFRD interventions targeting rural development beyond farming to safeguard adequate funding to effectively target rural needs beyond farming.**

A relevant delivery of CAP funding to rural areas requires an adequate stock-taking of needs in rural areas. The study found that the CAP 2014-2022 delivery generally featured a high degree of relevance in relation to rural needs. However, at local level, municipal actors in more deprived rural regions may not be able to access CAP funding in the same way that actors in more developed rural regions may due to more limited administrative capacities. **In order to ensure that more deprived rural areas can access CAP funding, the project team recommends the use of specific instruments or earmarking** (e.g. territorially targeted funding, specific calls, etc.) for funding in these areas.

Some rural areas are home to complex needs which can be effectively targeted via CAP and EU funding, but require integration and embedding with national and regional policies, as well as sufficient political will, to effect change. This includes needs which are tied to structural issues such as social inclusion, rural poverty, but also gender equality or significant demographic imbalances. As such, it is recommended to improve **integration with national or regional support schemes and legislation as it increases the relevance and potential effectiveness of CAP support for more complex needs.**

The assessment of funding mixes targeted at rural regions reveals a heterogeneous picture, varying significantly between the Member States. For most Member States, the EAGF and EAFRD provide the largest share of LTVRA-relevant rural funding in terms of annual EU expenditure. However, in Member States with a higher share of transition or less-developed regions, where more funding from the ERDF and CF is available to meet

investment needs, these funds play a more important role in supporting rural development than elsewhere.

The case study analysis found most complementarities between the EAFRD and the ERDF in relation to the needs of the LTVRA, particularly when the ERDF was targeting larger infrastructure needs in rural areas. Complementarities between the EAFRD and the ESF or the EMFF were not consistently found when delivering investments to rural regions. Only 15 of the Member States apply ESF in rural regions and funding from EMFF is relatively more targeted at more populated regions. However, where applied, synergies between the EAFRD and the ESF exist for rural regions, particularly related to social inclusion. **The project team recommends increasing the role of the ESF+, ERDF/CF, and EMFAF in rural regions to leverage their strengths in targeting needs which remain under-targeted by CAP support.** This applies, for example, to investments related to digitalisation, mobility, SME and employment related support beyond the agricultural sector, where CAP 2014-2022 contributions have been less strong.

The study identifies 223 constrained and remote rural regions at NUTS3, accounting for approximately 54% of all rural regions and around 10% of all EU inhabitants. The study found that most Member States employ funding mixes strongly anchored in the CAP in remote and constrained rural regions. Most EU investment in those regions is carried by EAFRD support to the farming sector, joint support, and by the EAGF. Rural development beyond farming support is higher in remote and constrained rural regions compared to other rural regions without constraints. As such, **the project team recommends increased attention to the funding needs of remote and constrained rural regions from EAFRD beyond farming measures and cohesion policy support as well as the EMFAF.**

The role of the CAP, in relation to the ERDF and the RRF, in terms of fostering rural development beyond farming is declining in the 2023-2027 period. Case study evidence suggests that funding from other EU funds, particularly in terms of large-scale investments in renewables, infrastructure, and mobility from the RRF and ERDF, have become more prominent in rural areas. **To ensure a synergistic delivery and high relevance of the support, a more integrated and holistic delivery of CAP and other EU funding is recommended, especially at local and regional level.** This may necessitate the development of funding strategies for rural areas and apply targeted approaches to combine funding, going beyond demarcation more commonly observed in the 2014-2020 period. **Integrated support should also be offered outside the use of multifunding LEADER/CLLD.** The use of multiple funding sources, such as via ITIs or LEADER/CLLD, can improve the relevance and coherence of support, by allowing for a wider targeting of more needs with, generally, more funding. However, the use of multiple funding sources also comes with higher need for coordination and administrative burden. **In this regard, it is essential that especially local actors are equipped with sufficient implementing capacities to enable an effective delivery of these instruments.**

The concept of “holistic strategies” for rural areas has been reviewed in this study and we suggest it be based on the following common conditions: a) a set of specific objectives and vision for rural areas, laid down in an official document at the national or regional level; b) a refined definition of rural areas, taking more into account the internal differences of rural and related diverse needs; c) different instruments targeting rural area projects and interventions at a broad territorial level and not only agriculturally-oriented; and d) dedicated funds allocated to rural areas or specific typologies of rural areas, which can be delivered through specific calls, or through the application of criteria which favour these types of area. On this basis, we suggest that only a few Member States yet have a rural policy approach meeting all of these four criteria. However, many others incorporate one or more of these elements in their approach to rural funding and rural policy implementation. The project team found that **holistic frameworks especially improve the coherence of CAP and other EU funding when targeting rural needs**, whereas **they do not appear to affect the relevance of CAP delivery significantly.** In Member States without a more integrated framework, **the CAP was more likely to be the**

primary fund for rural investment, as it remained the most important programming vehicle for rural areas.

These strategies or frameworks should also be evaluated in a timely manner to ensure policy learning and evidence-based policy making. However, the existence of a strategic framework is not sufficient on its own to improve the delivery of EU and national funding to rural areas if the bodies developing and implementing the strategies lack technical capacities in planning or if existing coordination and communication processes are underdeveloped. **In this regard, the project team recommends capacity building especially for local actors in the delivery of EU funding, especially in more deprived rural regions in need for funding.** This may also warrant allocating funding towards such capacity building activities. Local and regional actors are at the forefront of EAFRD and other EU delivery (such as via ERDF PO5 funding). Without adequate delivery capacities in the more at-need regions of the EU, those regions may not be able to capitalise on available funding and frameworks.

When developing rural strategies or frameworks, the project team recommends **applying multiple differentiated definitions of rural areas, especially on remote rural areas.** Rural areas within the EU-27 and within the Member States feature a remarkable diversity in terms of their needs but also in relation to their strengths. The study finds that only a few Member States recognise rural areas with specific characteristics (such as in terms of remoteness or other constraints such as specific geographies or demographic decline) in their policy frameworks. A more refined understanding of the characteristics of those regions can translate into a better targeting of needs. **As such, the project team recommends that Member States apply more differentiated definitions** (such as by remoteness or persistent population decline) **of rural areas in their strategic frameworks** taking account of the territorial heterogeneity present in rural areas.

The EAFRD is no longer included within the governance arrangements of Partnership Agreement 2021-2027, potentially weakening the formal coordination mechanisms between the EAFRD and the other ESIF set in place for the 2014-2020 period. While the case studies highlight a continuity of the governance and coordination structures in the 2023-2027 period, there is also a risk of those structures weakening if not maintained in the post 2027 period. **The safeguarding and strengthening of more coherent, overarching governance structures and communication channels between programme stakeholders is essential as a precondition to the delivery of EU funding to rural areas.**

Implementing synergies and integrated funding approaches can be challenging due to regulatory differences between funding sources, differences in timing of programme periods, and due to the technical and legal complexity of the funding programmes. In the case studies, the project team identified many cases of complementary delivery of the CAP and other EU funds, as opposed to synergistic or integrated delivery. **As such, the project team recommends that the European Commission continues to offer dedicated networking support to programme authorities and stakeholders,** also beyond the CAP network, in the task of planning and implementing synergies between different funds affecting rural areas, especially beyond LEADER/CLLD, at local and regional level. Networking support between managing authorities of EU funded programmes active in rural areas can provide a common platform for programme stakeholders to learn about common challenges and solutions to implementing a more integrated delivery of EU funding. This may be done via existing network platforms, such as the CAP network or the rural pact or the communities of practice.

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