



European
Commission

Study on funding for **EU** rural areas



AGRICULTURE
AND RURAL
DEVELOPMENT

The study on funding for EU rural areas examines the contribution of the CAP 2014-2022 in addressing the needs and actions outlined under the Long-term vision for the EU's rural areas (LTVRA).

Study time frame: June 2023 – March 2024

Period covered: Programming period 2014-2022

Policy coverage: CAP pillar I and pillar II

Thematic focus areas: Funding for EU rural areas

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Methodological framework

The study explores the specific role of the CAP 2014-2022 alongside that of other EU funds targeting rural areas in the 2014-2020 period, primarily ERDF/CF, ESF and EMFF. Moreover, this study provides a forward-looking glance at these elements in the 2023-2027 period. The study principally covers the relevance and coherence of funding in addressing rural needs, and draws on studies published of effectiveness to provide key context for this assessment. This is achieved through the responses to seven evaluation study questions covering three evaluation criteria: effectiveness, relevance, and coherence.

The project team applied a comprehensive mix of methods. This includes document analysis, case studies, a quantitative socio-economic needs analysis at regional level, and a regional and national funding analysis covering the principal EU funding sources for rural areas.

Within both the relevance and coherence analyses, an attempt was made

to test whether CAP funding performance was linked to Member States' national and/or regional approaches towards rural policy and strategies for meeting rural needs. For this purpose, the typology indicated in the study terms of reference was analysed, as follows:

- Member States with holistic approaches that have specific policies, schemes, or strategies targeting rural areas, via a mix of EU and national resources comprehensively targeting rural needs beyond farming, with a territorial focus and differentiation, and funding sources integrated at regional or local level.
- Member States with strong political commitment to supporting rural areas but without an explicit holistic and integrated approach.
- Member States with other approaches relying more on themed or sectoral strategies or policies, where EAFRD Rural Development Programmes tend to be a key vehicle for addressing beyond-farming rural needs.



Main findings and conclusions

Rural regions are diverse: While some are high performers with growing economies and population, many rural areas face significant challenges. CAP 2014-2022 interventions generally target a large array of themes of the LTVRA, but not all, and some less generously or frequently than others. Evidence suggests that such targeting is associated with greater effectiveness in the domains of prosperous and resilient rural areas, as well as within LEADER across all domains, although many needs persist. Needs related to digitalisation and mobility were targeted to a lesser extent by the CAP 2014-2022, and where targeted, has been less effective due to implementation difficulties and low dedicated funding.

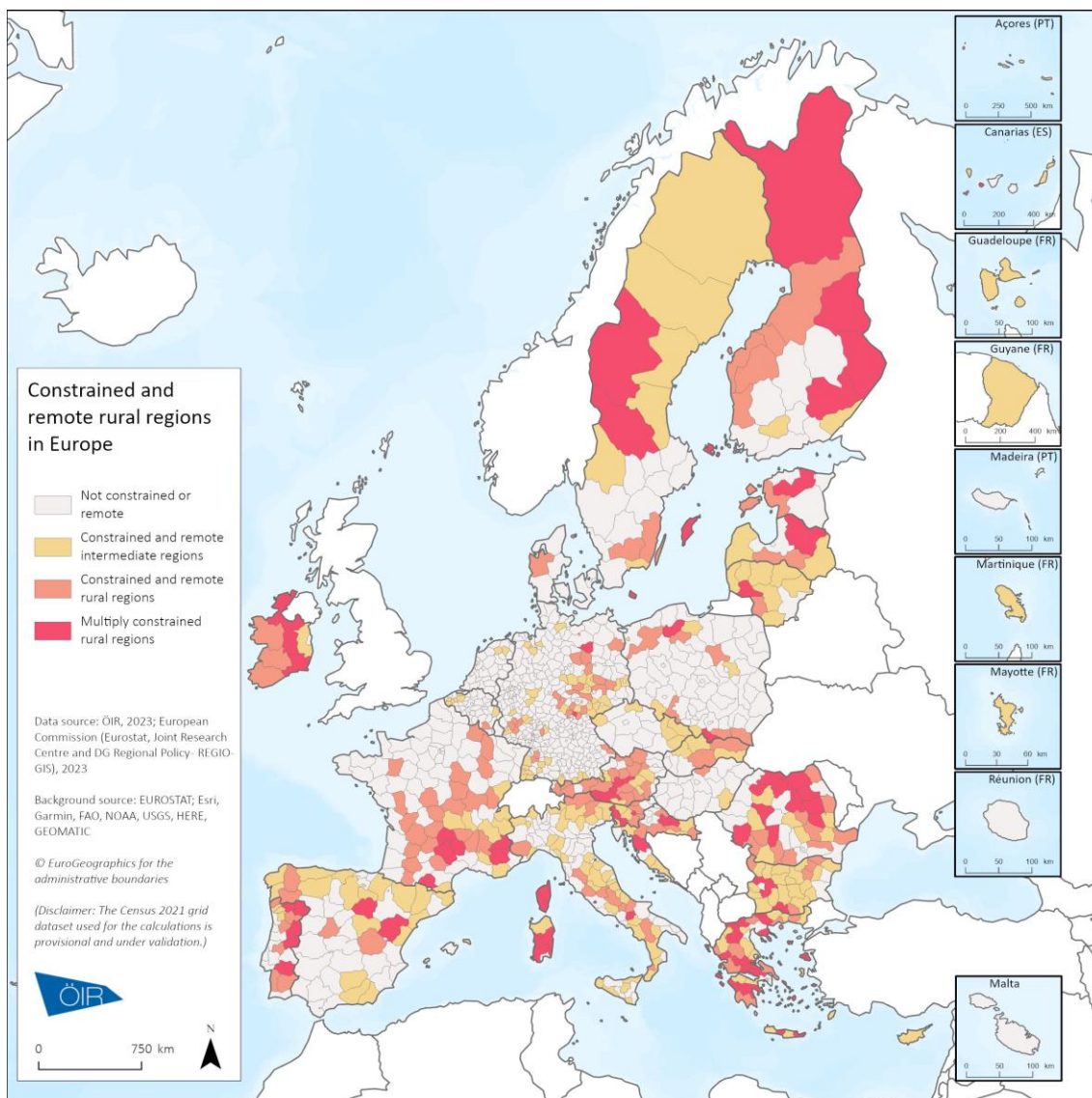
Member States use different mixes of measures to address the needs of the LTVRA. Case studies identified a wide variety of different applications of EAFRD measures to promote LTVRA rural development goals and meet specific rural needs. The CAP is clearly relevant to rural areas for Member States with holistic rural strategies or a strong commitment to rural areas, but it is equally relevant in the other cases. EAFRD funds may be more efficiently targeted where more holistic approaches and

commitment exist, but the challenges to efficient targeting in some Member States without such approaches more often reflect weak governance and administrative capacity, than inappropriate targeting or lack of relevance.

CAP expenditure linked to rural development beyond farming amounts EUR 18.3 billion or approximately 14% of total EAFRD planned EU expenditure. In terms of other EU funds, cohesion policy funds 2014-2020 (ERDF/CF, ESF) planned around EUR 35.1 billion of EU expenditure to rural regions between 2014 and 2021 from 12 thematic objectives. ERDF funding is applied by most Member States for rural regions. EMFF to rural regions planned amounts for the same time period are EUR 885 million.

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. Constrained and remote rural regions consist of regions facing persistent demographic decline, low population density, have specific natural constraints, or have more than half of their population living above a 45-minute travel time to the closest city.

Constrained and remote rural regions



Source: Project team, 2024.

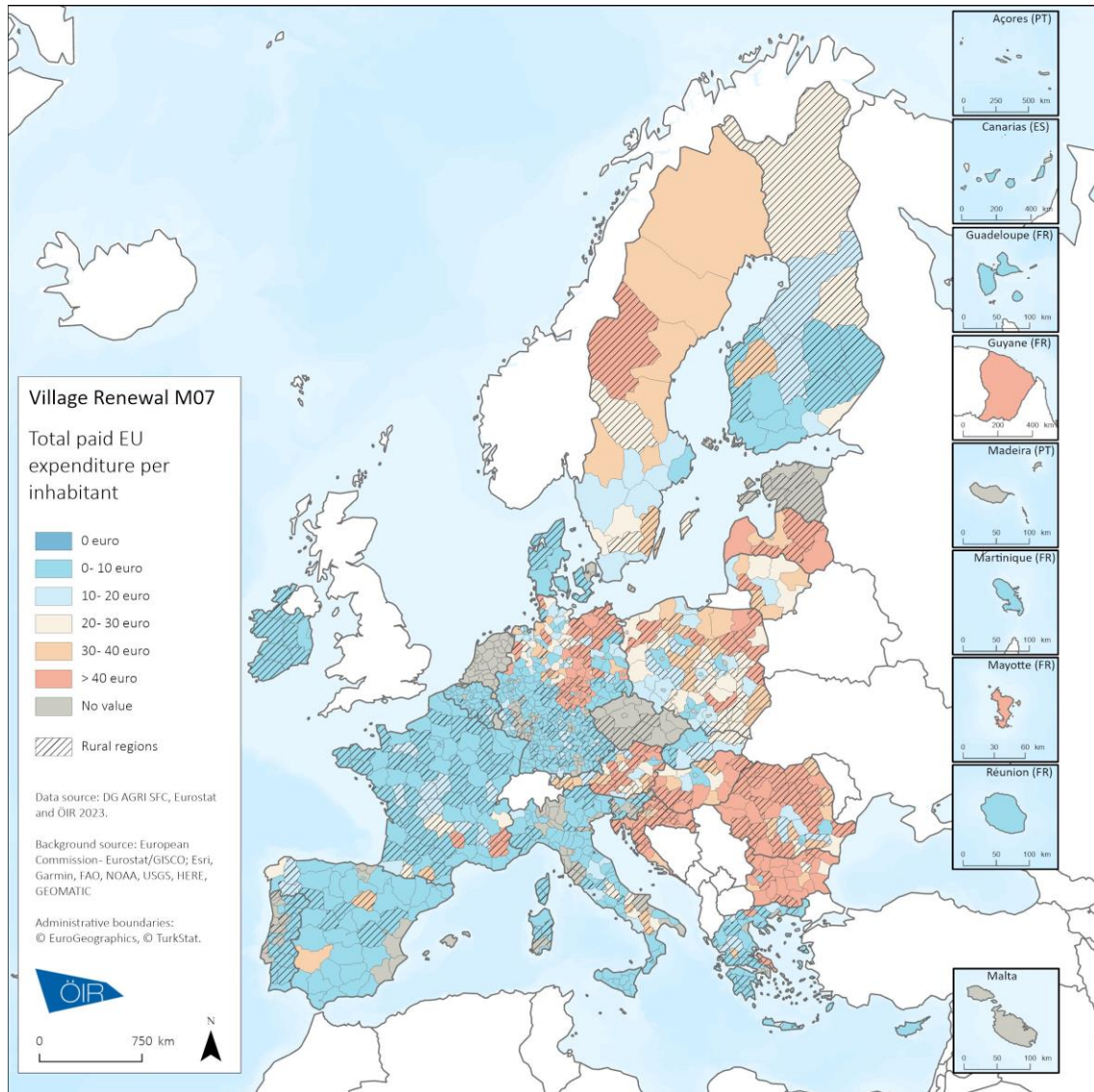
The assessment of funding mixes targeted at rural regions reveals a heterogeneous picture, varying per Member State. The exact composition of funds varies by Member State. In most EU-27 Member States, CAP EAFRD provided the largest share of LTVRA-relevant rural funding.

Member States with a higher share of transition or less-developed regions, where more ERDF and CF are available, these funds play a more important role than elsewhere. But for most Member States, EU support to remote and constrained rural regions predominantly came from EAGF and EAFRD, followed by ERDF.

The analysis finds generally a deeper integration of CAP and other EU funding sources in Member States implementing holistic strategies or frameworks for rural areas, going beyond demarcation prominent in most other Member States. The

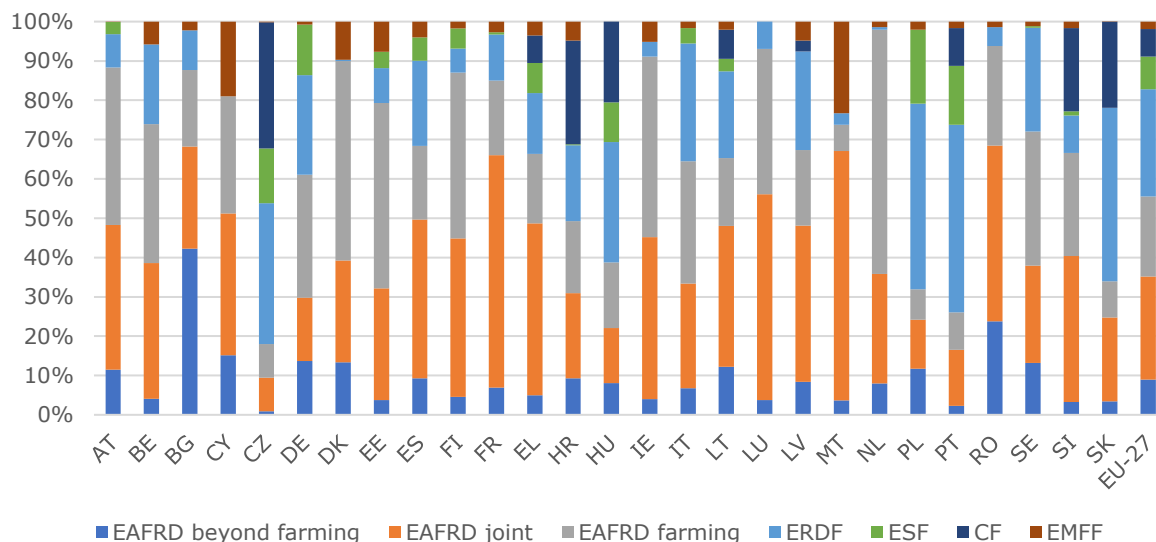
support under the national and regional policy schemes is seen as coherent with all four LTVRA blocks of actions, yet somewhat concentrated on stronger and connected rural areas and mainly on some of the needs identified.

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



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

Funding in rural and intermediate regions (average annual expenditure, relative split) EAFRD and other ESIF



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

Recommendations

The study finds that while the LTVRA is very diverse, needs under resilient and prosperous rural areas are well targeted by EAFRD 2014-2022 funding, often through bottom-up approaches and small-scale delivery. In this regard, strengthening EAFRD interventions targeting rural development beyond farming can safeguard adequate funding to effectively target needs.

Channelling measures via national strategies, measures and tools, has been found to foster improved commitment to meeting rural needs. Thus, improving integration of CAP support with national or regional support schemes has the potential to increase effectiveness, particularly for more complex needs, and holistic policy approaches improve the targeting of CAP and other EU funds in rural regions.

While various synergies between EAFRD and other ESIF are found in the case studies, strong EAFRD complementarity is most clear for ERDF infrastructure investments, complementing the small-scale and bottom-up delivery of the EAFRD. For the limited number of Member States applying ESF in rural regions, the ESF demonstrates effective complementarity, particularly in terms of employment and social inclusion. However, the case studies also found that synergies between the EAFRD and the ESF or EMFF remained limited in practice, beyond LEADER/CLLD.

A much greater integration between CAP support and other EU funding is recommended, across a wider range of goals and measures, to plan and strengthen ERDF/CF and ESF support to rural regions, and in particular, to remote rural regions.

This should apply particularly at local level, and within and beyond the LEADER/CLLD measure.

The use of multiple funding sources, like ITIs or CLLD/LEADER, can enhance the relevance and coherence of support by enabling broader targeting of needs. However, approaches integrating multiple funds require greater coordination and incur a higher administrative burden. Therefore, it is essential that especially local actors are equipped with sufficient implementing capacities to enable effective delivery of these instruments.

Rural regions in the EU-27 and among Member States feature a remarkable diversity both in terms of their needs and strengths. Yet, findings indicate that only a few Member States recognise rural areas with specific characteristics (such as in terms of remoteness or other constraints) in their policy frameworks. It is recommended to use multiple,

differentiated definitions of rural areas, particularly for remote regions. This approach fosters a more detailed understanding and characterisation, thereby enhancing the targeting of needs.

Place-based approaches beyond LEADER/CLLD can be a useful tool to better target rural area needs and plan appropriate interventions. However, Member States need technical capacity to develop and implement strategic frameworks for rural areas, and this is not widely evident, especially at local level for more deprived rural areas. In order to ensure that more deprived rural areas can access CAP funding, the use of specific instruments or earmarking (e.g. territorially targeted funding, specific calls, etc.) for funding in these areas is recommended. In addition to this, capacity building especially for local actors in the delivery of EU funding, particularly in more deprived rural regions is recommended.



Publications Office
of the European Union

doi:10.2762/210600
ISBN 978-92-68-11172-7