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**Communication from the Commission to the European Parliament, the Council, the
European Economic and Social Committee and the Committee of the Regions**

**A long-term Vision for the EU's Rural Areas - Towards stronger, connected, resilient
and prosperous rural areas by 2040**

{COM(2021) 345 final} - {SWD(2021) 167 final}

4. EU INITIATIVES, POLICIES AND FUNDING IN RURAL AREAS

4.1. EU POLICIES AND INITIATIVES FOR RURAL AREAS

Several EU policies and funds provide support to address rural challenges and opportunities and contribute to a fair, green and innovative development of rural areas. These policies need to be mobilised coherently to support their development. The **European Structural and Investment Funds**, notably the European Agricultural Fund for Rural Development (EAFRD), the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF) play a particularly important role in supporting the development of rural areas. The EU's **different sectorial policies** also contribute to tackling the numerous challenges faced by rural areas. This section presents an overview of the actions and the foreseen outcomes of each policy in rural areas.

4.1.1. The Common Agricultural Policy (CAP)

The **Common Agricultural Policy (CAP)** plays a crucial role to ensure food security, the sustainable use of natural resources and the balanced development of Europe's rural areas. It aims to:

- support farmers and improve agricultural productivity, ensuring a stable supply of affordable food;
- safeguard European Union farmers to make a reasonable living;
- help tackle climate change and the sustainable management of natural resources;
- maintain rural areas and landscapes across the EU;
- keep the rural economy alive by promoting jobs in farming, agri-foods industries and associated sectors.

The main funding tools of the CAP are **income support through direct payments** and **market measures funded by the European Agricultural Guarantee Fund (EAGF, the so-called first pillar)** and **rural development measures funded by the European Agricultural Fund for Rural Development (EAFRD, the so-called second pillar)**.

The farming and food sectors together provide nearly 40 million jobs in the EU, and are crucial for the rural economy. The CAP plays a positive role in reducing poverty and the creation of better jobs for farmers¹.

Under the 2014-2020 EU multi-annual financial framework (MFF), the CAP had an allocation of EUR 408.3 billion (for EU-28 and after transfers between pillars), accounting for 35.4% of the EU budget. The first pillar of the CAP (EAGF) was EUR 308.0 billion and the second pillar (EAFRD) EUR 100.3 billion. The new 2021-2027 MFF for the EU-27, allocates EUR 291.1

¹ World Bank, *Thinking CAP - Supporting Agricultural Jobs and Incomes in the EU*, World Bank report on the European Union, 2017. <https://pubdocs.worldbank.org/en/369851513586667729/Thinking-CAP-World-Bank-Report-on-the-EU.pdf>

billion to the first pillar (EAGF), while the part for rural development (EAFRD), including the Next Generation EU funding to help rural areas (EUR 8 billion), amounts to EUR 95.5 billion.

The largest share of farm income is generated by the selling of products on the agri-food markets. Since the CAP reform of the early 1990s, the CAP has become increasingly market orientated, which has strengthened the competitiveness of the EU's farming sector. Farmers and other actors of the value chain (from “farm to fork”²) benefit from a very efficient EU food supply chain that demonstrated its resilience during the COVID-19 crisis, ensuring there was no significant disruption of food supply. The CAP offers, via the **Common Organisation of the Markets (CMO)** the necessary legal framework³ to ensure the functioning of the food chain for both farmers and primary processors of agricultural products. This framework includes marketing standards, rules on producer organisations and inter-branch organisation, adequate derogations to competition rules, market transparency provisions and safety net instruments in case of market disturbance. A recently adopted directive regulating unfair trading practices⁴ completes the picture and strengthens the position of farmers and other small and medium-sized enterprises in the food supply chain. The increased market orientation has allowed and will continue to allow EU farmers as well as other actors of the food supply chain present in rural areas, i.e. the high number of small SMEs involved in food processing, to take advantage of opportunities offered by global, European and local markets, thus contributing significantly to the economic vitality of rural areas.

In European rural areas, many jobs are linked to farming and the management of natural resources. Farmers need machinery, buildings, fuel, fertilisers and healthcare for their animals, also known as ‘upstream’ sectors. Other operators deal with ‘downstream’ operations – such as preparing, processing, and packaging, as well as in storage, transport and retailing of food, as well as fibre, fuel and feed. To operate efficiently and remain modern and productive, farmers, upstream and downstream sectors need access to the latest information on agricultural issues, farming methods and market developments.

Direct payments⁵, financed by the EAGF, ensure income support and stability and contribute to remunerating farmers for environmentally friendly farming and delivering public goods not normally paid for by the markets. On average direct payments account for 26% of farm income in the EU⁶. Direct payments have a strong and significant effect on the economic development in the agricultural sector primarily through support and stabilisation of farmer income, which is still lagging behind compared to income in the rest of the economy on average.

² COM (2020) 381 Communication A Farm to Fork Strategy.

³ Regulation 1308/2013 of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products

⁴ Directive (EU) 2019/633 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain

⁵ See: CAP explained – direct payments for farmers 2015-2020. https://op.europa.eu/en/publication-detail/-/publication/541f0184-759e-11e7-b2f2-01aa75ed71a1/info/publications/brochure-cap-explained-direct-payments-farmers-2015-20_env

⁶ European Commission, *Evaluation of the impact of the CAP measures on the general objective 'viable food production'*, Commission staff working document SWD(2021)105, 2021. https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cmef/products-and-markets/impact-cap-measures-towards-general-objective-viable-food-production_en

This has positive effects on social development and supports the attractiveness and viability of rural areas for its inhabitants and can have a positive effect on the quality of life. These effects are felt both within and outside of the agricultural sector. The reduction in abandonment of rural areas and the support for generational renewal are important factors for social development. While being cost-effective, farmers should work in a sustainable and environmentally friendly manner, and maintain soil and water quality as well as biodiversity. Business uncertainty and the environmental impact of farming justify the significant role that the public sector plays to support farmers.

With the EAFRD, support for rural development was introduced as the second pillar of the CAP under what was known as the ‘Agenda 2000’⁷. In the 2014-2020 programming period, as well as in the transition period (2021-2022), it serves the three general objectives of improving the competitiveness of agriculture, achieving sustainable management of natural resources and climate action, and a balanced territorial development of rural areas, including generational renewal in farming and rural areas. The EU’s rural development pillar contributes to these objectives through a comprehensive set of measures to support the sustainable development of rural areas throughout the EU. All of these measures contribute to the diversification of the economy and improving quality of life. Member States implement the second pillar of the CAP through national or regional rural development programmes (RDPs) tailored to fit the unique challenges and needs of the territory they cover.

The EAFRD pays particular attention to the environment and climate. It supports the uptake of environmental and climate friendly management practices, including organic farming, modernisation of agricultural holdings, risk prevention, and the development quality products. It also supports the afforestation of agricultural land for the purpose of carbon sequestration, among other climate-friendly measures and environmentally friendly forestry practices. In addition to the income support provided by the EAGF, the EAFRD supports farmers in mountainous areas or areas facing natural or specific constraints, by compensating for the additional costs and income foregone linked to farming in those areas. Another important aspect is the need for support to facilitate generational renewal in agriculture. This takes place through start-up grants to young farmers who are setting up a holding for the first time, as well as support for investments. CAP generational renewal measures improve the performance of farm businesses, their resilience, and the secure transfer of farms from the older to the younger generation. However, the CAP on its own is not sufficient to address the main entry barriers into farming, such as access to land and access to capital⁸.

The EAFRD goes beyond agriculture, environment and climate actions and also supports rural communities. Rural Development contributes to the CAP’s objectives and is coherent with the general objectives for the Cohesion Policy as laid down in Art. 174 of the Treaty on the Functioning of the European Union (TFEU), which provides that “particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions”. In synergy with the other

⁷ COM(97) 2000 European Commission, Agenda 2000 : For a stronger and wider Union.

⁸ European Commission, *Evaluation of the impact of the CAP on generational renewal, local development and jobs in rural areas*, Commission staff working document SWD(2021)78, 2021. https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cmef/rural-areas/impact-common-agricultural-policy-generational-renewal-local-development-and-jobs-rural-areas_en

ESIF, the EAFRD may support social inclusion, poverty reduction and economic development in rural areas, including initiatives that promote gender equality. This includes investments in basic services in villages and in broadband, initiatives creating local jobs, diversifying farm activities and/or added value to products. Part of these funds are dedicated to community-led local development via the **LEADER** method, where Local Action Groups (LAGs) decide on local development projects.

The EAFRD also finances a well-established **EU rural networking system**, at both EU and national level, to support policy implementation. Its scope and reach has continuously been expanded over successive programming periods. By promoting interaction and exchange between rural stakeholders and managing authorities of programmes across the EU, the networks help to share knowledge and good practices, build capacity, and drive innovation and co-operation both in the primary sector and for the wider development of rural areas. The European Network for Rural Development (ENRD) has, for example, played a key role in supporting implementation of local development strategies by more than 3 000 LEADER Local Action Groups as well as in facilitating the implementation of multi-funded Community-Led Local Development .

Promoting **knowledge and innovation in agriculture, forestry and rural areas** is a key priority area for rural development. Its policy importance has gradually increased, resulting in the proposed new cross-cutting modernisation objective for 2021-2027 CAP support. Launched in 2021, the European Innovation Partnership for Agricultural productivity and Sustainability (EIP-AGRI) encourages farmers and foresters to work together with rural businesses, researchers, advisers, and others to co-create and test innovative solutions ready to be put in practice. The EIP interactive innovation model embraced by more than 2000 operational groups so far, is a new way to deliver innovative solutions that help farmers and rural businesses become more competitive and sustainable, with positive repercussions in terms of jobs, climatic, environmental and social conditions and the well-being of rural communities. The EIP-AGRI also serves as bridge for the farming and rural communities to benefit from the EU's research and innovation policy, connecting EIP grassroots innovative projects to transnational research and innovation projects funded under Horizon 2020 and Horizon Europe.

Financial support provided to **Producer Organisations** (POs) through the EAFRD and through the EAGF in sectors like fruit and vegetables or olive oil also contributes to enhance job opportunities and – consequently - to the development of rural areas. POs can strengthen the social fabric in rural areas by offering their members a sense of belonging and by increasing the level of social capital and trust within the communities where they are based. POs can also help promote their regions and local areas on a national or international stage, in particular by showcasing the quality and variety of local and traditional food products. POs can also play a role in satisfying the increasing demand for local products as their products are inherently linked to the specific rural areas where they and their members are based.

Additionally, rural areas also benefit from CAP support in other ways. Synergies between tourism and valorisation of products with **geographical indications** including on farm marketing and processing can be observed and contribute to the development of rural areas. Geographical Indications⁹ protect names and guarantee the authenticity of products to consumers. Products

⁹ A geographical indication (GI) is an indication (usually a name) used on products that have a specific geographical origin and possess a given quality, reputation or other characteristic that is attributable to that origin. Traditional speciality guaranteed (TSG) highlights the traditional aspects such as traditional production method or traditional composition, without being linked to a specific geographical area.

with specific characteristics can be of considerable benefit to the rural economy, in particular to areas with specific environmental features like mountainous areas, by promoting a regional or local identity, improving the incomes of farmers and by retaining the rural population in these areas. The sales value of GI certified products is shown to exceed the sales value of similar products without a certification¹⁰. GI products are intrinsically linked to the natural factors and/or know-how of producers in local areas. They also contribute to preserve cultural heritage, in particular gastronomic, linked to the local identity and territory. The current GI system is reviewed in order to strengthen it with a view to increasing the uptake of GIs across the EU, to include specific sustainability criteria – where appropriate, and to better valorise traditional products and production methods, by promoting a regional/ local identity, improving the incomes of farmers and by retaining rural population in these areas.

- The Common Agricultural Policy post 2020

The Commission proposal for the future CAP aims at modernising the policy to meet the current challenges and policy objectives, and at simplifying it by reducing the administrative burden. The CAP will continue to support the transition towards a fully sustainable agricultural sector and the development of vibrant rural areas, providing secure, safe and high-quality food to over 450 million consumers. Europe needs a smart, resilient, sustainable and competitive agricultural sector. This allows for the production of safe, high-quality, affordable, nutritious and diverse food for its citizens and a strong socio-economic fabric in rural areas. The modernised CAP should further enhance its European added value by reflecting a higher level of environmental and climate ambition and addressing citizens' expectations for their health, the environment and the climate, in line with the “The European Green Deal”, and notably the Farm-to-Fork strategy and the Biodiversity strategy (see sections 4.1.6 and 4.1.7).

The reform introduces CAP Strategic Plans as a national planning instrument to enhance the strategic approach of the policy, covering direct payments and sectoral interventions funded by the EAGF as well as rural development interventions funded by the EAFRD. The European Commission proposes that the CAP be built around nine key objectives (and an additional cross-cutting objective on knowledge, innovation and digitalisation in agriculture and rural areas). Focused on social, environmental and economic goals, these common objectives will be the basis upon which EU Member States design their CAP strategic plans.

The policy increases the focus on results through a “new delivery model”, which will shift the administrative focus from compliance to performance, and rebalances responsibilities between the EU and the Member States with more subsidiarity. The new model aims at better achieving EU objectives based on strategic planning, broad policy interventions and common performance indicators, thus improving policy coherence across the CAP and with other EU objectives. In its assessment and approval of the CAP Strategic Plans, the Commission will ensure that the level of ambition makes a sufficient contribution to meeting EU policy objectives, including in relation to relevant Green Deal targets.

¹⁰ AND international and Ecorys, *Study on economic value of EU quality schemes, geographical indications (GI) and traditional specialities guaranteed (TSG)*, Brussels, 2021. https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cmef/products-and-markets/economic-value-eu-quality-schemes-geographical-indications-gis-and-traditional-specialities-guaranteed-tsgs_en

The CAP Strategic Plans are expected to be in place as of 2023. In order to ensure a smooth transition, the policy framework for 2014-2020 has been extended to cover the years 2021 and 2022, funded by the MFF 2021-2027.

The future Common Agricultural Policy (CAP) contributes to managing the transition to sustainable food systems and strengthen the efforts of European farmers to contribute to the EU's climate objectives and to protect the environment. The proposed common objectives and rules, and in particular the common system for measuring results, will allow monitoring and ensuring that all Member States play their part in delivering on our sustainability commitments.

A key element of the proposal concerns the links to EU legislation on the environment and climate. Every Member State will have to explain in the CAP Strategic Plan how it plans to use the agricultural and forestry policy instruments to help meet the ambitious European targets arising from EU legislation on climate change, energy, water, air quality, biodiversity and pesticides. In the case of climate change, all Member States have to cut their greenhouse gas emissions under the terms of the National Energy and Climate Plans. Each Member State's CAP plan will have to show what contribution the CAP will make to achieve that target.

To guarantee that the future CAP Strategic Plans fully support the transition foreseen in the European Green Deal, a structured dialogue between the Commission and the Member States is taking place. In this context, **the Commission made recommendations to the Member-States**, based on its analysis of the individual situation of each of them in terms of agriculture and rural development, assessed through the prism of the nine CAP specific objectives and the cross-cutting objective.

Through these recommendations the Commission asked Member States to set national values (impact indicators) for selected Green Deal targets, showing how they plan to contribute to the EU's climate and indicating a clear direction of the efforts to be made at national level. The Member States will then design, in their CAP Strategic plans, appropriate interventions and assess their expected use by farmers. When approving and amending the strategic plans, the European Commission will assess their coherence with the Green Deal targets. Progress towards these Green Deal targets, at Member State level, will be monitored through the future CAP's performance and evaluation framework.

In terms of environmental and climate objectives (climate change, natural resources, and biodiversity and landscapes), Member States will have the legal obligation to clearly show greater ambition through their CAP Strategic Plans (compared with their current implementation of the CAP) with regard to the three environment- and climate-related objectives of the future CAP. This principle, which must be translated into a clearly explained combination of elements in each CAP plan, will avoid any "backsliding" in the contribution of the CAP to care for climate. **The requirement for 'ring-fencing' a certain share of the budget for the environment and climate is strengthened.**

The objective- and planning-based approach - covering both CAP pillars – and the flexibility in the design and combination of interventions will allow Member States to pursue the CAP's environmental and climate objectives with a more coherent, effective and targeted response. It will specifically allow for more efficient CAP spending related to climate and the environment.

Other objectives refer to farm income and farmer's position in value chain, greater focus on research technology and digitalisation, generational renewal, employment, growth, social inclusion and local development in rural areas. Societal demands on food and health are also

addressed. They are all key challenges and opportunities for rural areas and are highlighted in the long term vision.

The **Farm to Fork Strategy**¹¹, a cornerstone of the Green Deal, is the EU's strategy to support a robust and resilient food system, capable of ensuring access to a sufficient supply of affordable food for citizens. It addresses the challenges of sustainable food systems and recognises the inextricable links between healthy people, healthy societies and a healthy planet. The strategy is also central to the Commission's agenda to achieve the United Nations' Sustainable Development Goals (SDGs). It aims to accelerate the transition to sustainable food systems that will have a neutral or positive environmental impact, help to mitigate climate change, reverse the loss of biodiversity, ensure food security, wholesome nutrition and public health. All people should be able to access safe, nutritious, sustainable food and the affordability of food should be maintained, while generating fairer economic returns, fostering competitiveness of the EU supply chain and promoting fair trade.

Even though the EU's transition to a sustainable food system has started in many areas, the agri-food chain continues to make a significant contribution to climate change and environmental degradation. The Farm to Fork Strategy intends to counteract this by reducing dependency on chemical pesticides and fertilisers, reducing any use of antimicrobials that is neither prudent nor responsible in farming and aquaculture, increasing organic farming, improving animal health and welfare, reducing food loss and food waste, promoting a healthier and more environmentally sustainable diet and securing plant resources for sustainable agriculture and forests while strengthening the protection of plants from emerging pests and diseases.

4.1.2. Cohesion Policy and Regional policy

Cohesion Policy is the EU's main policy to promote and support the overall harmonious development of its Member States and regions. The European Single Act in 1987 created and set up Cohesion with the objective to support growth, employment and European territorial cooperation, concentrating on less developed regions to help them catching up. It underpins the European solidarity, aiming at reducing development inequalities between regions within the EU. The economic, social and territorial cohesion among Member States is an essential objective of the European Union, which aims at reducing disparities in income, wealth and opportunities between regions (TFEU, Article 174). Cohesion Policy addresses very diverse development needs through its three funds- the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF). For its part, and with its two main funds (ERDF and CF), the EU Regional policy is today the EU's main investment policy. It delivers a critical mass of investments supporting job creation, competitiveness, economic growth, improved quality of life and overall sustainable development while reducing the development gap of the least favoured regions, including the most remote ones (i.e. outermost regions¹²).

¹¹ COM (2020) 381 Communication A Farm to Fork Strategy.

¹² The EU outermost regions (French Guiana, Guadeloupe, Martinique, Mayotte, Reunion Island and Saint-Martin (France), Azores and Madeira (Portugal), and the Canary Islands (Spain)) are geographically very distant from the European continent and home to 4.8 million citizens. In accordance with Article 349 TFEU, specific measures and derogations in EU legislation help these regions address the major challenges they face due to their remoteness, insularity, small size, difficult topography and climate, and economic dependence on a reduced number of products.

The recent reforms of Cohesion Policy put it at the centre of EU economic governance and EU economic policy coordination, pursuing sustained and sustainable economic development. These reforms include inter alia targeting resources at key growth sectors (thematic concentration), prompting performance orientation reinforcing the effectiveness of policy measures and investments measures, verifying the existence of a wider framework to ensure the efficiency of the investments before channelling funds (enabling conditions) and strengthening links to the wider EU economic governance. Moreover, Cohesion Policy provides incentives for a more effective multi-level governance based on partnership and integrated place based approach in its programmes. Responsibility for proposing and delivering Cohesion Policy programmes is in the hands of national and regional authorities. Shared management ensures that public investment decisions are taken as close as possible to the citizens and that EU actions are justified in the light of possibilities at national, regional and territorial levels. In the 2014-2020 period, Cohesion Policy is ensuring the investment of more than EUR 470 billion (EUR 344 billion from the EU budget) in Member States, connecting local development potentials with European objectives.

As a result, Cohesion Policy now underpins smart, sustainable and inclusive growth in all regions and territories, and massively supports rural areas. For the 2014-2020 programming period, investments in rural areas linked to Cohesion Policy stand at EUR 53.9 billion in total¹³. For their part, ERDF and CF alone invest a total of EUR 46.2 euros in rural areas¹⁴. This represents 24.7% of all ERDF/CF investments which location national authorities reported on. More ERDF/CF investments benefit rural areas, out of the 58% of Cohesion Policy expenditure which location is not specified. Altogether, the three Cohesion Policy funds support investments in basic services and infrastructure in rural areas, including broadband. The ERDF pays particular attention to rural areas and to regions suffering from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density, remote regions in particular outermost regions and island, cross border and mountain regions.

Actually more than 69% of the planned Cohesion Policy funds targeting rural regions come from the ERDF, followed by the ESF (18%) and the CF (13%), bearing in mind that the relative contribution to rural areas of the various funds is directly linked to the types of investments eligible under these funds. In the current Programming Period 2014-2020, the “Multiple Thematic Objective” category is the most commonly used when reporting the nature of investments planned in rural areas (23%), while 76% are linked to individual Thematic Objectives (TOs). Among them, the largest amounts went to Environment Protection and Resource Efficiency – EUR 6 billion (EUR 4.6 billion from the EU budget) and Network Infrastructures in Transport and Energy - EUR 5.5 billion (EUR 4.4 billion from the EU budget). Finally, Cohesion Policy aid intensity, which corresponds to funding per person and per year, appears to be systematically higher in rural regions. Analysis based on expenditure of the 2007-2013 ERDF and CF programmes suggest that aid intensity in rural regions (funding per person and per year) is the highest, with EUR 549 per inhabitants, against EUR 282 in urban regions and EUR 482 in intermediate regions. This being said, the quality of territorial spending is equally important, considering the governance conditions attached to Cohesion Policy.

¹³ Selected projects end of 2020 total amount (EU budget and national co-financing)

¹⁴ Selected projects ,end of 2020, total amount (EU budget and national co-financing)

At ground level, the Cohesion Policy contributes to rural development with targeted support to territorial and local development strategies. In the 2014-2020 Programming Period, Cohesion Policy funds support more than 700 territorial and local development strategies¹⁵ outside urban areas, and many urban strategies support rural areas close to urban centres.

With its budget of EUR 373 billion¹⁶, the next generation of Cohesion Policy (the 2021-2027 Programming Period) will focus on green and digital transitions, more connected, inclusive and social Europe, and a Europe that is closer to its citizens. It aims at triggering ambitious territorial and local development to leave no place and no people behind while supporting structural transformative transitions on the ground through inter alia: reinforced innovation based on smart specialisation, climate change adaptation, environment protection, low carbon economy, digitalisation, improved competitiveness of SMEs, education and employment, and social inclusion. Member States will be required to analyse territorial disparities, needs and challenges for their operational programmes, and also to outline place based and tailor made integrated strategies for addressing demographic challenges and development needs of regions and areas, including rural ones, in their Partnership Agreements. In this respect, new ERDF provisions also foresee the possibility of voluntary Member States commitments to support disadvantaged areas including rural areas.

To meet its ambitious territorial objectives, the post-2020 Cohesion Policy introduces a new crosscutting policy objective for integrated and sustainable territorial and local development: “Policy Objective 5 – Europe closer to citizens”. Together with the territorial instruments available under any Policy Objective (integrated territorial investment – ITI, community-led local development – CLLD, and other nationally designed territorial tools), the Cohesion Policy provides a flexible and adaptable framework for Member States and regions to support all territories, including rural areas and address the challenges they are confronted to. Thus offering place-based solutions directly at the level where citizens live, work and spend. **The 2021-2027 Cohesion Policy will support integrated territorial and local development strategies, following the basic principles and concepts of integrated and sustainable territorial and local development, such as integrated approach, place-based approach, multi-level governance, partnership and participation of stakeholders in the design of territorial strategies as well as in project selection.** Minimum requirements in that regards are set out in the Common Provisions Regulation that need to be fulfilled for both Policy Objective 5 and territorial instruments under all policy objectives. The territorial instruments will be also available to other funds, including the EAFRD, which helps ensure coherence and coordination among the different funding sources. Applying common rules with the lead fund approach can further facilitate coordinated support to CLLD Local Action Groups.

Most of the cross border areas of the EU are rural and peripheral in their country’s organisation. Rural border regions benefit from European Territorial Cooperation (Interreg), including cross border cooperation. Through cross border cooperation, rural border regions may address challenges such as weak connectivity, environmental pollution and poor access to quality healthcare and other public services. They can also strengthen the local economy and develop cross border labour markets by alleviating legal and administrative border

¹⁵ <https://urban.jrc.ec.europa.eu/strat-board/#/where>

¹⁶ Current prices

obstacles. In addition, public authorities in border regions can benefit from small pilot projects seeking solutions to legal and administrative border obstacles. These small projects are called B-solutions (border solutions) and are directly financed by the Commission outside of Interreg programmes.¹⁷

When supporting sustainable urban development, the ERDF shall also give special attention to supporting functional urban areas and strengthening urban rural linkages, thus considering a city together with the surrounding towns, suburbs and rural areas, which are part of its commuting zone. Together these operate as a single system in economic and social terms, thus planning investments in an optimal way benefiting to a wider territory.

Altogether, Cohesion Policy enables to make the most of EU assets for the EU rural areas, notably those which do not have the means to get out developments traps by themselves, be them the poorest of all, the most remote ones, or depending quasi exclusively on the primary sector or suffering from a serious risk of desertification: adapting or reorganising public infrastructure and services; strengthening smart specialisation strategies beyond agriculture and agro food sectors; stimulating new economic activities; stimulating innovation, entrepreneurship and industry such as manufacturing and extractive activities in the areas identified in these strategies; closing the digital gap between rural and urban areas; harnessing opportunities in the circular and sustainable bio-economy; enhancing urban/rural linkages to support rural areas.

4.1.3. Maritime and Fisheries policy

The **European Maritime and Fisheries Fund (EMFF)** supports coastal communities in diversifying their economies and finances projects that create new jobs and improve the environment, biodiversity and quality of life along European coasts. The maritime and fisheries policies and their financing mechanisms do not distinguish between rural and no rural coastal areas, neither do official statistics. The **EMFF for 2014-2020 was EUR 7.86 billion**, however there is not disaggregated data available by kind of territory.

Whilst fishing ports can be in rural or urban areas, **aquaculture is predominantly a rural activity**. As part of the implementation of the **new Strategic Guidelines for a more sustainable and competitive EU aquaculture** for the period 2021-2023¹⁸, the EMFF will support the integration of the aquaculture sector in local communities. In particular the development of a circular economy approach, diversification of aquaculture activities in terms of species and production methods with low environmental impact, as well as aquaculture contributing to ecosystems preservation and regeneration. This can be done, for example, by using algae or waste from fisheries and aquaculture as input for agriculture (e.g. ingredients for animal feed, fertilizers), or by developing aquaponics systems, the simultaneous farming of fish and plants.

The EU algae sector has considerable potential for development as long as the economic, social and environmental sustainability challenges are addressed¹⁹. In this context, an **EU Algae**

¹⁷ European Union, *B solutions*. <https://www.b-solutionsproject.com/>

¹⁸ COM(2021)236 Communication Strategic guidelines for a more sustainable and competitive EU aquaculture for the period 2021 to 2030.

¹⁹ Araújo R, Vázquez Calderón F, Sánchez López J, Azevedo IC, Bruhn A, Fluch S, Garcia Tasende M, Ghaderiardakani F, Ilmjärv T, Laurans M, Mac Monagail M, Mangini S, Peteiro C, Rebours C, Stefansson

initiative and action plan (to be adopted in 2022) will aim to unlock the sectors potential in Europe. The action plan will consider targeted support options for algae industry with the aim to foster algae role as an alternative protein source for human food and animal/fish feed, a biofertilizer for agriculture and as bioremediant in wastewater treatment plants and in natural environment.

An element key to further for costal rural areas are **the synergies with ERDF and other structural funds**. The opportunity can be seized by considering the experience of local action groups (e.g. FLAGs) supported by EARDF and EMFF during the 2014-2020 period and build on them to achieve better links between seaside and hinterland of coastal rural areas.

The EMFF can support partnerships between the different sectors involved in coastal rural areas to develop a comprehensive approach to make the area more attractive. In certain areas, this would aim at integrating fisheries and aquaculture activities with other activities such as tourism, or offshore renewable energy, marine protected areas, or coastal ecosystem restoration. The Commission will encourage tourism stakeholders to agree in 2021 on a **Charter of good practices for sustainable cruise tourism** aiming, inter alia, at a sustainable green evolution of cruise tourism in the EU which also benefits local coastal and rural communities.

Any development of seafood production should be environmentally sustainable, agriculture production as well as any economic activity impacting water quality in coastal areas should reduce emissions of pollutants into the water system to reach the objectives set by the **Zero Pollution Action Plan**²⁰. In addition, achieving the level of protection of marine areas as foreseen by the **Biodiversity Strategy**²¹ entails better interactions between economic actors such as the food production sector (at sea or on land) who have to lead on pollution reduction efforts and authorities and actors concerned by protection of biodiversity.

In most coastal rural areas, **generational renewal in the seafood sectors and/or skills adaptation** is a major issue. The organisation of training on fisheries, aquaculture and agricultural entrepreneurship to change the image of the sectors, attracting more young people and prevent them leaving the area **can specifically be supported by the EMFF**. For the long-term attractiveness of these areas, it is essential that transformations are anchored into **horizontal recruitment strategies** combining traditional professions (eg. agriculture/fisheries/aquaculture) and showcasing “the new way of working” and living based on modern technologies and exceptional work and natural environment. Such training should focus on ensuring a wide range of skills adapted to modern reality of professional fisheries, aquaculture and agriculture (e.g. supply chain, marketing and entrepreneurship).

Finally, support of the local population and therefore **increasing local participation** is essential. EU funds (EMFF and EARDF in particular) **can support the set up an elaborate citizen participation models** where the local population is involved by developing local bottom-up initiatives to turn existing challenges (e.g. beached seaweed or algae-blooms) into business opportunities (e.g. collecting and producing biofertilizers for agriculture).

T and Ullmann J, *Current Status of the Algae Production Industry in Europe: An Emerging Sector of the Blue Bioeconomy*, Front, Mar, 7:626389, 2021. doi: 10.3389/fmars.2020.626389.

²⁰ COM(2021)400 Communication Pathway to a Healthy Planet for All EU Action Plan: "Towards Zero Pollution for Air, Water and Soil.

²¹ COM(2020)380 Communication EU Biodiversity Strategy for 2030.

4.1.4. Employment, social affairs and inclusion policy

One of the objectives of the European Union is to achieve sustainable development based on a **highly competitive social market economy, aiming at full employment and social progress** (Art 3 of the Treaty on European Union).

The EU's **social acquis** has evolved gradually²²: The Treaty of Rome in 1957 included provisions on the **free movement of workers**. Secondary legislation to **coordinate social security** for mobile workers has existed since 1958. The Treaty of Rome in 1957 established a **European Social Fund**²³, providing financial support to improve employment opportunities and living standards. European-level action on vocational training started in 1963.

Gradually, the move towards a single market was complemented by **minimum standards** set in EU law, including on workers' health and safety at work, involving and consulting workers and working conditions. This includes legislation adopted via the implementation of agreements concluded between the **social partners**, i.e. representatives of management and labour, at EU level.

In the context of increased macro-economic policy coordination and monetary union, the EU has moved towards a **stronger coordination of Member States' employment and social policies** in the context of the European Semester. Based on proposals by the Commission, the Council adopts country-specific recommendations, including in the field of employment and social policy.

In 2017, the European Parliament, the Council and the Commission proclaimed the **European Pillar of Social Rights**²⁴. The Pillar is our guiding compass for fair and Social Europe and includes 20 principles, under the headings of equal opportunities and access to the labour market; fair working conditions; and social protection and inclusion. It will further be an essential framework in the **transitions towards climate neutrality and increased digitalisation of economy and society, as well as demographic change**. The aim is to ensure that these transitions are just and fair, leaving no-one and no place behind²⁵.

While the European Pillar of Social Rights applies to the EU as a whole, many of its principles **are particularly relevant in rural areas**. As indicated earlier, these include notably challenges related to access to employment and quality jobs for women and for young people. The **Reinforced Youth Guarantee (2020)** strengthened the outreach to and activation of vulnerable young people significantly, including those most vulnerable living in rural areas, such as Roma or people with migrant background. It does so through tailored, individualised support, skills strengthening, and partnerships with relevant social services and civil society organisations.

In Principle 17 of the European Pillar of Social Rights, the **right of people with disabilities to inclusion is laid down**. People with disabilities have the right to income support that ensures

²² For an overview, see SWD(2016)050.Commission Staff Working Document - The EU social acquis,

²³ In the 2021-2027 period, the European Social Fund Plus (ESF+) with a budget of EUR 99.3 billion will remain the main instrument for investing in employment, social inclusion, education and skills in all territories of the EU.

²⁴ Interinstitutional Proclamation on the European Pillar of Social Rights, Official Journal C 428, 13.12.2017.

²⁵ COM(2020)014 Commission Communication A Strong Social Europe for Just Transitions.

living in dignity, services that enable them to participate in the labor market and in society, and a work environment adapted to their needs. Disability concerns are also mainstreamed in all relevant principles and reflected in the social policies to implement them (see also section 4.1.6.).

Access to essential services, early childhood education and care as well as enabling services such as training, or long-term care also pose a specific challenge in rural areas. Among others, principle 20 of the European Pillar of Social Rights is particularly relevant for rural areas. It underscores the right to **access essential services**: water, sanitation, energy, transport, digital communications and financial services. Access to essential services can be challenging in rural areas. Several EU initiatives, described in other sections of this document, enhance the availability of essential services in rural areas. National social policies and the initiatives included in the European Pillar of Social Rights Action Plan can further support access, by improving the affordability and accessibility of essential services in rural areas.

On 4 March 2021, the Commission adopted the **European Pillar of Social Rights Action Plan**²⁶. It sets three new ambitious EU-level 2030 headline targets in the area of employment, skills and poverty reduction²⁷, which will be supported by a revised Social Scoreboard. The latter will enable to monitor progress towards the implementation of the 20 Principles as part of the well-established policy coordination framework in the context of the European Semester. The Commission has also announced concrete 67 initiatives to implement the principles of the Pillar.

As a follow up of the Action Plan, a proposal for the **European Child Guarantee**²⁸ was launched with the aim of further preventing and combating social exclusion. This proposal supports Member States in their efforts to guarantee access to quality key services for children in need: early childhood education and care, education (including school-based activities), healthcare, nutrition, and housing.

In 2021, the Commission will launch a **European action plan for the social economy** that will include measures to address challenges faced by the social economy and social enterprises, and to untap the potential of these organisations to generate social innovations and address societal challenges, including in rural areas.

The Commission will propose an initiative on **Long-Term Care in 2022** to set a framework for policy reforms to guide the development of sustainable long-term care that ensures better access to quality services for those in need, including those living in rural areas.

Given the distribution of competences in the field of social and employment policies, delivering on the Pillar is a **shared political commitment and responsibility**. The European Pillar of Social Rights Action Plan received a strong endorsement, from the Presidents of the European Commission and the European Parliament, the Portuguese Prime Minister holding the Presidency of the Council of the EU, the European social partners and civil society organisations. Furthermore, the Porto Declaration adopted by EU Leaders at the Porto Social Summit endorsed the new EU-level 2030 headline targets on employment, skills and poverty reduction, and

²⁶ COM(2021)102, Commission Communication The European Pillar of Social Rights Action Plan.

²⁷ The 2030 targets include an employment rate of 78% among the population aged 20-64; 60% of adults to participate in training every year; a reduction of the number of persons at-risk-of-poverty and social exclusion by at least 15 million.

²⁸ COM(2021)137, Proposal for a Council recommendation Establishing a European Child Guarantee. -

committed to continue deepening the implementation of the European Pillar of Social Rights at EU and national level.

4.1.5. Cross-cutting attention for Inclusion and gender

The European Union has the objective to **combat poverty and social exclusion** in cooperation with Member States. In a number of countries, people in rural areas are much more exposed to risk poverty or social exclusion. EU policies and funding put in place measures to address this issue, including the European agricultural fund for rural development (EAFRD) – one of its priorities 6 refers to "Promoting social inclusion, poverty reduction and economic development in rural areas"-, the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF)

Another relevant challenge is **gender**. The workforce in many rural areas is mainly masculine and women are often in invisible/unpaid positions. This is for example the case in family farms (which leaves them without access to income/pensions). Farm owners are mostly men and women usually own smaller farms. Young qualified women often leave rural areas. Hence, there is a need to ensure gender-sensitive employment creation, including funding for women's entrepreneurship and qualified job opportunities beyond the agricultural sector. Ensuring affordable, accessible and high quality early childhood education and care and other care services aimed at promoting work-life balance, as well as empowering women in rural governance would also be relevant. It is also necessary to provide support services for victims of gender-based violence.

The European Commission, published in **2020 the Gender Equality Strategy 2020-2025**²⁹. It delivers on the Commission President's commitment to achieving a Union of Equality. The Strategy presents policy objectives and actions to make significant progress by 2025 towards a gender-equal Europe. It announced funding opportunities to women's entrepreneurship knowledge and to invest in basic services' development in rural areas under the Common Agricultural Policy. The Commission will also continue supporting Member States' work on improving the availability and affordability of quality care services for children and other dependents through investments from the European Social Fund Plus, the European Regional Development Fund and the European Agricultural Fund for Rural Development.

Businesses and public bodies in rural areas who wish to undertake economically viable investments can benefit from **InvestEU**. It offers financing to SME's and farmers as well as funding for infrastructure projects. The InvestEU Advisory Hub provides technical assistance and capacity-building support to financial intermediaries and final recipients.

In addition, the **European Institute for Gender Equality (EIGE)** has been conducting research in topics such as gender in agriculture and rural development contributing to a better understanding of the specific challenges of gender in rural areas.

²⁹ COM(2020)152 Communication A Union of Equality: Gender Equality Strategy 2020-2025.

As underlined in the EU anti-racism action plan 2020-2025³⁰, discrimination on the grounds of racial or ethnic origin persists. This is particularly true for Roma³¹, the largest ethnic minority. Many of them continue to face socioeconomic exclusion, discrimination and anti-gypsyism³² in their daily lives. **Many Roma people also live in the rural areas**, particularly in poor segregated settlements, with few or no public services and lack of economic opportunities. The lack of local economic activity but also labour market discrimination, the limits in municipality's own margin of manoeuvre (including means, political will or sometimes competences) and insufficient public transport and/ or infrastructure prevent them from benefitting from jobs and mainstream education opportunities in neighbouring urban areas. The Commission adopted in October 2020 the package on the **EU Roma strategic framework for equality, inclusion and participation**. This package is designed to pursue the implementation of the European Pillar of Social Rights. It consists of a Communication and a proposal for Council recommendation on Roma equality, inclusion and participation (currently negotiated in the Council, planned for adoption at March EPSCO). The Communication sets seven objectives at the EU level for the period up to 2030. Three of these objectives are horizontal and four are sectoral in the areas of education, employment, health and social services, housing and essential services. To implement these objectives effectively, the Commission formulates quantitative EU headline targets and proposes the use of a portfolio of indicators. For example, one of the headline targets is to reduce the poverty gap between Roma and the general population as well as between Roma children and the other children by at least half, another aims to cut the employment gap between Roma and the general population by at least half.³³

The proposal for a Council recommendation on Roma equality, inclusion and participation³⁴ (adopted in March 2021 EPSCO (Employment, Social Policy, Health and Consumer Affairs) Council configuration) invites Member States to set national targets and aims at advancing the effective implementation of EU equality legislation the use of Union funds for improving the access to social rights and services of Roma people. Those Member States where substantial

³⁰ COM(2020)565 Communication Union of equality: EU anti-racism action plan 2020-2025.

³¹ The reference to 'Roma', as an umbrella term, encompasses a wide range of different people of Romani origin such as: Roma, Sinti, Kale, Romanichels and Boyash/Rudari. It also encompasses groups such as Ashkali, Egyptians, Yenish, Dom, Lom, Rom and Abdal, as well as traveller populations, including ethnic Travellers or those designated under the administrative term gens du voyage and people who identify as Gypsies, Tsiganes or Tziganes, without denying their specificities.

³² Antigypsyism (a form of racism against Roma) is a historically rooted structural phenomenon that appears at institutional, social and interpersonal levels. It is rooted in a process of 'othering' that builds on negative as well as positive, exoticising stereotypes. While there is consensus about the understanding of antigypsyism among proponents of the need to reinforce the fight against it, there has been a debate about the term. The European Parliament (in its 2015, 2017 and 2019 and 2020 resolutions), the Commission (in its annual communications between 2015 and 2019, and its 2018 conclusions paper), the Council (in its 2013 recommendation and 2016 conclusions) and the Council of Europe have recognised antigypsyism as a barrier to inclusion, and hence the importance of tackling it. The Commission uses the spelling proposed by the Alliance against Antigypsyism, while accepting that different terms might be appropriate in different national contexts.

³³ For the full list of the headline targets and indicators please see Annex 2, *EU Roma framework for equality inclusion and participation* https://ec.europa.eu/info/publications/new-eu-roma-strategic-framework-equality-inclusion-and-participation-full-package_en

³⁴ Council Recommendation 2020/0288 on Roma equality, inclusion and participation.

investment needs have been identified should embed Roma inclusion in public policies and provide targeted support to marginalised Roma communities in a more effective manner.³⁵

The LGBTIQ (lesbian, gay, bisexual, trans, non-binary, intersex and queer) equality strategy 2020-2025³⁶, adopted by the European Commission on 12 November 2021, sets out key actions and objectives to advance LGBTIQ equality. In line with their respective competences, the strategy foresees actions for the Commission as well as actions that Member States are called upon to implement with the support of the Commission. The strategy pays particular attention to the most vulnerable LGBTIQ people and recognises that geographical remoteness can be an additional vulnerability factor.³⁷ The Commission has called on the European Committee of the Regions to promote a dialogue with local and regional authorities and civil society on how to advance LGBTIQ equality. Combating inequality in the EU is indeed a shared responsibility and requires joint efforts and action at every level, including the regional and local ones.

The **Strategy for the Rights of Persons with disabilities 2021-2030**³⁸ was adopted in March 2021 and sets out various flagships and action for the next decade in order to improve the lives of persons with disabilities in the EU and beyond. It aims to implement the UN Convention on the Rights of Persons with Disabilities to which the EU and all Member States are party. The strategy takes into account the diversity of disability, resulting from the interaction between long-term physical, mental, intellectual or sensory impairments, which are often invisible, with barriers in the environment. It promotes an intersectional perspective, addressing specific barriers faced by persons with disabilities who are at intersection of identities, such as the ones explained in the paragraph above (gender, racial or ethnic origin, LGBTIQ). Persons with disabilities may encounter greater risks of discrimination in rural areas, notably due to accessibility barriers and limited availability of services including those targeted to persons with disabilities.

Moreover and with regard independent living, many persons with disabilities, adults and children, are segregated from community life and do not have control over their daily lives, in particular those living in institutions. This is mainly due to the insufficient provision of appropriate community-based services, housing and technical aids, as well as to the limited availability of support for families and of personal assistance. The situation is particularly difficult in remote and rural areas. On that regard, the Commission will promote and secure financing for accessible and disability-inclusive social housing, including for older persons with disabilities. The Commission will also, by 2023, issue guidance recommending to Member States improvements on independent living and inclusion in the community, in order to enable persons with disabilities to live in accessible, supported housing in the community, or to continue living at home. The UN Convention on the Rights of Persons with Disabilities is an integral part of the EU legal order and is shaping social policies to be disability inclusive and accessible.

³⁵ See country reports for BG, CZ, ES, HU, RO, SK and in particular their Annex D.

³⁶ COM (2020) 698 Communication on Union of Equality: LGTIQ Equality Strategy 2020-2025.

³⁷ In a 2019 FRA survey, 47% of the LGBTI respondents across all groups in the EU live in a big city, 11% in the suburbs or outskirts of a big city, 30% in a town or small city, and 13% in a rural area. (FRA, EU-LGBTI II - A long way to go for LGBTI equality, 14 May 2020)

³⁸ COM(2021) 101 Communication Union of Equality: Strategy for the Rights of Persons with Disabilities 2021-2030.

4.1.6. European Green Deal/Climate and Environment Policy

The **European Green Deal** establishes an EU target of climate neutrality by 2050, with an intermediate target proposed for 2030 of at least 55% reduction of net GHG emissions compared to 1990 levels. The shift to climate neutrality will be achieved through implementing a range of policies, many of which concern rural areas. These include: the **Renewable Energy Directive**³⁹, with a binding target of 32% for renewable energy sources in the EU's energy mix by 2030; energy efficiency measures; the **Effort Sharing Regulation**⁴⁰ which covers notably the transport, building, waste and agriculture sectors; the **Land Use, Land Use Change and Forestry (LULUCF) Regulation**⁴¹ which covers emissions and removals from managed land, including forestry, farmland and wetlands; and further mainstreaming of climate adaptation policies to enhance ecosystems' resilience and improve climate risk management of public and private investments. Many of these policies are now under revision to make them fit for the new climate target with new proposals planned for adoption in July 2021. Rural innovation and research also supports efforts to mitigate and adapt to the impacts of climate change. Building a resilient rural economy requires an inflow of innovative solutions and their rapid uptake, as well as using natural resources smartly.

The **EU Biodiversity strategy**⁴² recognises the need to take urgent action to protect and restore habitats and biodiversity. **Its implementation should provide new opportunities for rural areas.** The biodiversity strategy and Farm to Fork targets for 2030, the half-way point of the long term rural vision, include reducing the use and risk from chemical pesticides by 50%, ensuring that high-diversity features account for at least 10% of the agricultural area, with at least 25% of land farmed organically, reducing fertiliser use by 20% and nutrient losses by 50%, planting at least 3 billion additional trees in the EU by 2030, and restoring 25 000 km of rivers. In addition, legally binding nature restoration targets will be proposed, and more efforts will be required to improve the conservation status of protected habitats and species, and to reduce soil sealing and soil and water pollution. Under the umbrella of the Biodiversity Strategy, new strategies will be developed for sustainable use and management of soils and of forests. The recently adopted **EU adaptation strategy**⁴³, that sets out how the EU can adapt to the unavoidable impacts of climate change and stresses the importance of implementing nature-based solutions on a larger scale. To that end, the Commission will develop a certification mechanism for carbon removals, to monitor and quantify the climate benefits of land-based removals that will create new income possibilities for rural areas through carbon farming initiatives.

³⁹ Directive (EU) 2018/2001 *on the promotion of the use of energy from renewable sources*.

⁴⁰ Regulation (EU) 2018/842 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013.

⁴¹ Regulation (EU) 2018/841 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU.

⁴² COM(2020) 380 Communication EU Biodiversity Strategy for 2030.

⁴³ COM(2021) 82 Communication Forging a climate-resilient Europe - the new EU Strategy on Adaptation to Climate Change.

Many other elements of the EU's environmental policy also contribute to ensuring the quality of rural life, including particularly legislation related to water resource management, air quality and environmental impact assessment. The new **Circular Economy Action Plan** ensures that circularity works for people and regions, including rural regions. The recently adopted **Zero Pollution action plan** will contribute to ensuring healthy people and healthy environments, thus maintaining the quality of life and resources in rural areas. The **new EU Forest Strategy** will cover the whole forest cycle and promote the many services that forests provide. The **LIFE instrument**⁴⁴ finances actions to develop and demonstrate best practice and innovation to achieve environmental benefits in harmony with local communities.

The **Green Deal Investment Plan**, with nature and biodiversity as a priority, and Invest EU's natural-capital and circular economy initiative (worth 10 billion EUR over the next 10 years) offer **significant opportunities to rural areas and communities to invest in new climate and environmentally friendly ways**, providing finance to get projects started. These, and other policy initiatives such as the Carbon Farming Initiative under the Farm to Fork strategy (including the Carbon Farming Initiative), green public procurement and the EU Business and Biodiversity platform are intended to make these types of investments more attractive to the private sector, generating economic benefits from socially, climate and environmentally sound business decisions. The EU taxonomy for sustainable finance could play a role in this context. .

The Green Deal has called for additional action at EU level to fight climate change, and it is reasonable to anticipate adapted policy framework and different initiatives and financing possibilities needed to enable the transition to climate neutrality. The raft of measures for climate and environment included in the Green Deal will release funding opportunities and enable positive initiatives to be undertaken. In these circumstances the challenges described above should be addressed and rural areas and communities should be able to seize the opportunities described. This will benefit not only rural areas, but society as a whole.

4.1.7. Bioeconomy

In 2012, the EU adopted a **Bioeconomy Strategy** and updated it in October 2018². The bioeconomy⁴⁵ is the only system providing food, feed, and ecosystem services. The revised version puts an increased emphasis on rural development and builds synergies with the CAP. The 2018 bioeconomy action plan⁴⁶ proposes 14 concrete actions along three priority areas: (1) Strengthen and scale-up the bio-based sectors, unlock investments and markets; (2) Rapidly deploy bioeconomies across the whole of Europe; (3) Understand the ecological boundaries of the bioeconomy. The revised EU Bioeconomy Strategy cuts across different policies, including

⁴⁴ 'LIFE programme is the EU's funding instrument for the environment and climate action.' European Commission, *LIFE programme*. <https://ec.europa.eu/easme/en/life>

⁴⁵ According to the EC definition, the bioeconomy covers all sectors and systems that rely on biological resources (plants, microorganisms, and derived biomass, including organic waste), their functions and principles, and related products and services. It includes and interlinks i) land and marine ecosystems and the services they provide, ii) all primary production sectors that use and produce biological resources (forestry fisheries and aquaculture), and iii) all economic and industrial sectors that use biological resources and processes to produce food, feed, bio-based products, energy, and services.

⁴⁶ European Commission, *Bioeconomy: the European way to use our natural resources. Action plan 2018*, Directorate-General for Research and Innovation 2018. [doi:10.2777/79401](https://doi.org/10.2777/79401)

research and innovation, the common agricultural policy and its rural development pillar, maritime, fisheries, climate action, environment, industry, energy, etc. It also aims at mobilising Member States, regions and relevant stakeholders. The Bioeconomy Monitoring System⁴⁷, developed as part of this Strategy, will allow to track the EU bioeconomy's progress towards sustainability in the EU and its Member States. Several Member States have in fact already developed national bioeconomy strategies

Agriculture, aquaculture and forestry are a fundamental component of the EU bioeconomy, with a high relevance for rural employment and farmer's and forest owners income. Due attention has to be paid to biodiversity, GHG emissions pesticides application as well as nitrogen and phosphorous loads. A sustainable bioeconomy needs to avoid, prevent, and reduce food losses and food wastes, while promoting sustainable diets. Processing unavoidable food by-products, residues, and food waste into added-value products (e.g., biopolymers, bioceramics, packaging materials, bio-based textiles, coatings and composites, bioenergy) can help processors, retailers, and consumers to reduce food waste, and contribute to multiple objectives of the European Green Deal, including circular economy and renewable energy.

The development of new, more diverse bioeconomy value chains can help bring the added value of the bioeconomy to rural areas. The development of this sector would also be linked to economic and social value while protecting biodiversity and the environment. Circular-bioeconomy value chains allow the flow of biomass and value starting from primary sectors in rural areas, moving through manufacturing, retail and ultimately to consumers in urban ones, make its way back to rural areas.

4.1.8. Energy policy

The European Commission supports **the regions' just transition**, which means ensuring that regions are not left behind in the clean energy transformation by offering alternatives to coal and peat regions and supporting alternative (clean) transport as well as heating and cooling solutions. Besides, the European Commission is committed to ensuring that rural regions benefit from the new economic opportunities from renewable energies. The **Just Transition Mechanism (JTM)** is the key EU tool to ensure that the transition towards a climate-neutral economy happens in a fair way, leaving no one behind. It provides targeted support to help mobilise at least EUR 150 billion over the period 2021-2027 in the most affected regions, to alleviate the socio-economic impact of the transition.

The Energy Poverty Recommendation underlines the need to give rural areas in all EU countries the tools to play an active role in a just transition to climate neutrality. European regions can take advantage of technical assistance provided through different programmes. Firstly, the **European Local Energy Assistance (ELENA) tool**. ELENA is a joint initiative of the European Investment Bank (EIB) and Horizon 2020 programme. Horizon 2020 is the financial instrument implementing the R&I EU policy. ELENA tool provides grants for technical assistance for energy efficiency and renewable energy investments targeting buildings and innovative transport. Secondly, the **EU City facility**, set up under the Horizon 2020 programme, aims at **unlocking local potential**. EU City facility supports local authorities and their groupings with tailor-made, fast and simplified financial support (in the form of EUR 60,000 lump sums) and

⁴⁷ Knowledge Centre for Bioeconomy: <https://knowledge4policy.ec.europa.eu/bioeconomy/monitoring>

related services. The objective is to enable municipalities in Europe to **develop relevant investment concepts** related to the implementation of actions identified in their climate and energy action plans. Thirdly, the **Project Development Assistance (PDA) facility**, funded also under the Horizon 2020 programme, gives support to public authorities - regions, cities, municipalities or groupings of those - and public bodies in developing bankable sustainable energy projects. Besides, regions can also use the technical assistance window under the **Resilience and Recovery Fund**.

4.1.9. Home affairs and security policy

The European Commission is exploring concrete ways forward to foster the potential of embedding the **migratory dimension, and its benefits, as part of the comprehensive policy-mix** responding to the demographic challenges and depopulation in rural areas. The integration of migrants in rural areas can contribute to demographic and economic dynamism. Legal migration represents an opportunity for rural areas (notably in light of the needs identified during the COVID-outbreak for seasonal foreign workers⁴⁸). Promoting **social inclusion for all**, but notably people with migrant backgrounds is also a **factor of attractiveness and socio-economic growth in rural areas**, while balancing risks of loneliness.

The New Pact on Migration and Asylum⁴⁹ proposed by the Commission stresses the importance of integration as part of a new comprehensive approach to migration and highlights the role of the local and regional actors. As part of the Pact, **the Action Plan on integration and inclusion 2021-2027**⁵⁰ presents a variety of actions to promote integration at the local level, including in rural areas and acknowledges specificities of rural areas in this context. Different EU Funds contribute to address this, with the **Asylum, Migration and Integration Fund (AMIF)** supporting the integration of third country nationals in host communities, which includes rural territories. The Action Plan also refers to a **partnership** with rural regions under the long-term Vision for rural areas, recognising the role of local and regional authorities, as key actors of integration.

The European Commission will adopt a **'Talent and Skills package'** by the end of 2021, which will include measures to revise two existing Directives (Long-term residence, Single Permit) and to develop a talent pool at the EU level. On 17 May 2021, the European Parliament and the Council also reached a political agreement on the **Blue Card Directive**, in view of its swift adoption. When it comes to rural areas, the Commission ensures the respect of rules established in the **Seasonal Workers Directive**, in force since 2016, which is particularly relevant for the agricultural sector.

The European Commission supports a **balanced approach** to make the best of the migratory potential. The proposed actions in the field of legal migration and asylum, can contribute to make the best of the migratory potential for rural areas, given the magnitude of the demographic challenges, the current concentration of non-EU migrants in urban areas (13% of the population)

⁴⁸ Kalantaryan S., Mazza J., Scipioni M., *Meeting labour demand in agriculture in times of COVID 19 pandemic*, 2020.

⁴⁹ COM(2020) 609 Communication on a New Pact on Migration and Asylum.

⁵⁰ COM(2020) 758 final, Action Plan on integration and inclusion 2021-2027.

and less frequently in rural areas (only 4%). A balanced approach, can also contribute to migrant population to see opportunities in rural areas supporting the revitalisation of rural areas.

This work strand relies on an **evidence-based approach**, supported by the expertise in migration, territorial and demographic analyses of the Knowledge Centre on Migration and Demography in the Commission's Joint research Centre, linking demography with other domains (e.g., migration, economics, environment, health, education, politics, regional, and foresight).

Various **activities of organised crime groups** impact on the daily life of citizens and the environment in certain rural areas. This includes environmental crime (waste trafficking and dumping), labour exploitation in the agricultural and forestry sector (which can be linked to migrant smuggling and trafficking in human beings), drug production (laboratories for the production of synthetic drugs and the related dumping of dangerous substances, illegal cultivation of cannabis, etc.), property crime (theft of agricultural equipment, burglaries, etc.), and all other forms of organised crime. In order to respond to the challenges and new trends of organised crime, the European Commission adopted the EU Strategy to tackle Organised Crime 2021-2025⁵¹.

Environmental crimes notably affect society in its entirety, and especially natural areas. It causes an ever-growing threat to the ecosystem and affects the climate, biodiversity and human health, notably in rural areas. The Commission promotes action by the EU, Member States and the international community to step up efforts against environmental crime, as stated in the **Security Union Strategy**⁵². In rural areas, there is a need to pay specific attention on the prevention and fight against **environmental crime** and their devastating effects. Currently, the European Commission is assessing whether the Environmental Crime Directive is still fit for purpose. **Trafficking in human beings**, notably labour trafficking, takes advantage of high-risk environments, which can include the agricultural, forestry and food manufacturing sectors. Businesses in certain sectors such as agriculture may rely on the workforce of people who are in a vulnerable situation. The EU Strategy on Combatting Trafficking in human beings 2021-2025⁵³ includes key actions to support anti-trafficking objectives, including in rural areas, such as assistance, support, protection and re-integration of victims of trafficking.

4.1.10. Enlargement and Neighbourhood Policy

The EU's enlargement policy is aimed at countries currently aspiring to become members of the European Union. The European Neighbourhood Policy (ENP) governs the European Union's relations with 16 of its closest Southern and Eastern Neighbours.

In its external dimension, it is in the EU's interest that its neighbours, and in particular the enlargement candidate countries and potential candidates are included to the possible extent in relevant policies, given their European perspective and obligation to align with the EU acquis. Such inclusion is particularly relevant in the areas of agriculture and rural development as well as other relevant policies for rural areas such as transport policy, for the mutual benefits of connectivity, trade and market access.

⁵¹ COM(2021) 170 Communication on the EU Strategy to tackle Organised Crime 2021-2025

⁵² COM (2020)605 Communication on the EU Security Union Strategy.

⁵³ COM(2021) 170 Communication on the EU Strategy on Combatting Trafficking in Human Beings 2021-2025.

Agriculture and related sectors still contribute around 10% of the Gross Domestic Product (GDP) in the western Balkan countries, while in some, the share of agriculture, forestry, and fisheries is close to 20% of the total workforce (40% in the case of Albania). Despite the rich natural resource base, agri-food systems in all countries in the region faces numerous challenges and remain constrained by deeply-rooted structural problems: the average farm size is several times lower than in the EU, labour productivity and yields are very low – due to underdeveloped technological capabilities and many households are still engaged in subsistence agriculture. While assisting gradual transformation of agri-food production systems in the Western Balkans, it is necessary to ensure that the transition in the longer term does not contribute further to unemployment or depopulation of rural areas or to deterioration of the rural landscapes and biodiversity loss in pre-accession countries.

EU pre-accession assistance (IPA), and in particular the support programmes for agriculture and rural development (IPARD) can be used to assist the economies of the pre-accession countries in reforming and restructuring their agri-food sectors and enabling rural communities to harness opportunities in the circular and bio-economy, making the rural economies of those countries more resilient to potential climate change impacts and the rural areas – vibrant spaces for their citizens. This would contribute to countering outmigration flows from rural areas.

Decentralised renewable energy is also an opportunity for rural areas and its largest extension to enlargement countries would be beneficial for grid stability and for increasing renewable energy's market share. For an effective green transition for Europe, the inclusion and cooperation of the EU's closest neighbours is essential. In addition, the EU neighbours 'rural youth represents a huge human capital. In this context, ERASMUS+ will in the new period be available to the EU's neighbours to strengthen in an inclusive manner education and match skills with employers' needs.

4.1.11. Digital policy

The European Commission has the responsibility to contribute to the development of a **digital single market** to generate smart, sustainable and inclusive growth. Digitalization can largely address rural challenges such as lack of adequate infrastructure and isolation; ageing population due to migration of younger generations to cities or abroad; or lack of access to appropriate services, in particular as regards to health or education, due to lack of professionals in their region, resulting in low reduced provision of long-term care. Ensuring appropriate digital infrastructure allows for better accessibility of e-services (including eHealth), education, better economic opportunities and growth (including smarter manufacturing and agriculture). The Commission aims to accelerate the roll-out of fast broadband internet in rural areas to achieve the objective of 100% access by 2025. As reaffirmed by the European Pillar of Social Rights, access to good quality digital communications is an essential service which needs to be accessible to everyone.

The 'Smart Village' concept set up initiatives to revitalize rural services through digital and social innovation, broadband is an enabler for this solutions. However, **Smart Villages Strategies** can also help overcome the digital gap by recognising the different starting points of

rural areas and villages and co-designing digital pathways from the bottom-up while at the same time building bridges with the essential top-down strategies.⁵⁴

The European Commission supports the deployment of digital services and broadband networks via the **Connecting Europe Facility (CEF)**. This funding mechanism supports trans-European networks in the three sectors, transport, telecommunications and energy. It is a key EU instrument to facilitate cross-border interaction between public administrations, businesses and citizens. For 2014-2020 programming period CEF Telecom has a budget of approximately EUR 1 billion, out of which EUR 870 million are dedicated to Digital Service Infrastructures (DSIs). The rest is for connectivity networks.

The answer of the EU to help repair the economic and social damages caused by the COVID-19 pandemic lays out the foundations for a modern and more sustainable Europe, by supporting the green and digital transition. Member States must adequately integrate the challenges regarding digital transitions and support investments and reforms in this area.

The European Commission has been working together with Member States to respond to the need for the deployment of broadband in rural and remote areas. The European Commission presented in 2017 a five actions **toolkit on how to bring better broadband in rural areas**.

Action 1 is to set up **Broadband Competence Offices (BCOs)** to advise local and regional authorities on ways to develop broadband. The BCO Network brings together different levels of government, experts and European Commission representatives to exchange knowledge and good practices contributing to the capacity to bring high-speed broadband connectivity to all EU citizens. It contributes to bridging the rural/urban digital gap.

Action 2 deployed **technical assistance to regions** with low levels of broadband coverage to unlock administrative and financial bottlenecks.

Action 3 designed a **common methodology** for planning, reporting, monitoring broadband investments.

Action 4 introduced a **“rural proof test”** to prioritise broadband deployment in rural areas in the structural and investment funds.

Finally, action 5 had the objective to update the Commission’s guide to broadband investments. In 2020 a **Broadband Handbook: ‘Facing the challenges of broadband deployment in rural and remote areas’** was published. It aims at helping those areas to overcome the digital divide affecting their citizens, communities and economic activities, by taking a closer look at success factors and good practices. European municipalities have also benefitted from the **WiFi4EU initiative**, that grants vouchers of a value of EUR15 000 to install Wi-Fi equipment in public spaces that are not already equipped with a free Wi-Fi hotspot. This initiative aims to provide free public Wi-Fi connectivity for citizens and visitors networks in 6 000 to 8 000 communities by 2020 across the EU.

Furthermore, the European Commission has been supporting the deployment of digital **health solutions through Digital Innovation Hubs in all regions**. Digital technologies, such as telemedicine, biosensors for remote diagnosis and monitoring, with a focus on prevention, can bring improvements in patient outcomes.

⁵⁴ ENRD, *Smart Villages and rural digital transformation*, 2020. [smart_villages_briefs-smart_villages_and_rural_digital_transformation-v07.pdf \(europa.eu\)](https://ec.europa.eu/eip/eip-ri/files/2020/07/smart_villages_briefs-smart_villages_and_rural_digital_transformation-v07.pdf)

4.1.12. Space policy

Space is of strategic importance for Europe and a key enabler for jobs, growth and investments. Space technologies, data and services can support numerous EU policies, key political priorities and different economic sectors.

Three flagship space programmes deliver on the EU's space policy:

- Copernicus: the EU world reference Earth observation system providing Earth observation data and services
- Galileo: Europe's own global navigation satellite system, providing highly accurate global positioning data
- European Geostationary Navigation Overlay Service (EGNOS): provides safety critical navigation services to aviation, maritime and land-based users over Europe

The **Copernicus programme** is designed to support the implementation and monitoring of European policies, such as the CAP, at national or regional level. The Land component of Copernicus program, with its land cover products, addresses the needs of several EU Policy areas relevant to the territorial dimension such as: Land degradation and desertification, Forest resources, Biodiversity, Water resources, Agriculture, Rural development and Food security. It provides indicators such as land take, high nature value farmland, and landscape fragmentation between natural and semi-natural land. Providing relevant, reliable and cost-efficient remote sensing data and information, **Copernicus helps to maximise the potential of smart farming and speed up the introduction of new technologies in the farming sector**. Copernicus helps assess agricultural land use and trends, crop conditions and yield forecasts. It also supports input management, farm management recording and irrigation management. The domains of application of Copernicus are not limited to precision farming. They also include seasonal mapping of cultivated areas, water management and drought monitoring, as well as subsidy controls, all of them supporting development of resilient and prosperous rural areas and helping to take informed decisions.

The use of precise positioning provided by **EGNOS and Galileo satellite navigation systems supports the wider introduction of precision agriculture** and can help Europe's farmers become more efficient. Synergies between both, Copernicus and European Global Navigation Satellite Systems (GNSS) programmes, bring additional added value to the various agriculture applications and support management and control of the Common Agriculture Policy (CAP) or provide cost-efficient and reliable solutions in favour of the rural economy and people.

4.1.13. Transport policy

In 2013, the EU embarked on a new era in transport policy and, in accordance with the **TEN-T Regulation**, created the basis for Europe to build a modern integrated transport system that strengthens the EU's global competitiveness and can meet the challenges for sustainable, smart and inclusive growth. With this new policy for the Trans-European Transport Network, the EU aims to build a high-performance EU-wide transport infrastructure network, using the Connecting Europe Facility (CEF) and other EU funding programmes and initiatives.

The **Connecting Europe Facility (CEF)**, key EU funding instrument to promote growth, jobs and competitiveness through targeted infrastructure investment, supports the development of interconnected trans-European networks also in the field of transport. In the transport sector, CEF is dedicated to the implementation of the TEN-T and aims at supporting investments in cross-

border connections, missing links as well as promoting sustainability and digitalisation. The total budget for CEF Transport was EUR 24.05 billion for the period 2014-2020.

The European Commission counts on **including rural areas and remote challenges among the priorities of its mobility policy**. Actions in the field of transport will include actions to help ensure that rural and remote areas are not left behind in terms of transport and mobility services, to better support connectivity between rural and peri-urban areas with metropolitan/urban areas via sustainable mobility options (and assess region-to-region connectivity including air travelling), or to improve road safety in rural areas. Through smart and innovative transport and mobility solutions and better information the digital revolution can positively affect rural areas so that rural and remote areas benefit from the planning and implementation of the Europe-wide transport infrastructure network (“TEN-T”).

The **EU urban mobility package planned for 2021** will contain relevant measures to tackle the rural dimension to help ensure that rural and remote (including outermost regions) areas are not left behind in terms of transport and mobility services. The package will consider adapting the objectives, needs and guidance often associated with the urban mobility initiatives to cities and villages of smaller dimensions. Specific actions addressing urban-rural linkages, and how to better support connectivity between rural and peri-urban areas with metropolitan/urban areas via sustainable mobility options will be included.

The European Commission cooperates with Member States in the area of speed and speed management. It is committed to the good implementation of the **Road Infrastructure Safety Management Directive**, revised in 2019. It requires regular safety audits and inspections on all primary roads in the EU (in addition to all motorways) as well as a network-wide safety risk assessment resulting in a prioritised

The European Commission is currently assessing whether specific provisions should be imposed on **MaaS/ticketing** services⁵⁵ to ensure that they properly support rural areas and do not only benefit areas which are already well connected and served by transport offers. MaaS/ticketing Similarly, the European Commission is also currently assessing measures to support the development of ticketing/Mobility as a Service applications which could be an opportunity for rural areas as it should help to increase offers and connectivity, by facilitating for example access to car-sharing, shuttle bus etc.

4.1.14. Health policy

Accessibility of healthcare in rural areas is a challenge in a number of Member States. The availability of health services is limited mainly due to shortages of medical professionals, insufficient incentives for doctors and nurses to settle their practice in rural areas and insufficient alternative solutions, for example telemedicine or mobile care teams. Organisation of **health services is primarily a responsibility of Member States**. The Commission supports Member States in improving access to healthcare through mobilising efforts to reform health systems through the European Semester and providing evidence-based information and support with the help of European funds. Specifically, the third Health Programme is supporting projects aiming

⁵⁵ Maas (Mobility as a Service) ‘MaaS seeks to allow people to access a variety of transport services - old and new - via their smartphone.’ In Crozet Y., Coldefy J., *Mobility as a Service (MaaS): A digital roadmap for public transport authorities*, Centre on Regulation in Europe, 2021.

at the retention of health professionals medical deserts (areas where the population has inadequate access to healthcare), which includes rural areas, and better allocation of health resources in the areas with a lower coverage of health services. The selected initiatives will be implemented in 2021 and 2022.

Access to healthcare is high on the Commission's agenda. In March 2021, this commitment has been reinforced in the **European Pillar of Social Rights Action Plan**⁵⁶. Actions proposed by the Commission target the most vulnerable groups and encourage national investments in healthcare, workforce and skills.

Commission also supports Member States in achieving and maintaining high **vaccination coverage** rates for public health reasons. Vaccination services should be easily accessible for all citizens, in terms of affordability, but also in terms of physical proximity, so that citizens can get their vaccinations, and those of their children close to where they live and work. Immunisation through vaccination is the best defence we have against serious, preventable, and sometimes deadly, contagious diseases. The waning of public confidence in vaccination, geographical differences in accessibility, and rise of disinformation on vaccination are a cause of concern. In December 2018, EU Health Ministers adopted a Council Recommendation on strengthened cooperation against vaccine-preventable diseases⁵⁷ addressing these and other challenges, and calling for a multitude of actions to be carried out at EU level to increase the uptake of vaccines in Europe. The Council Recommendation is implemented via a publicly available roadmap⁵⁸.

The **Europe's Beating Cancer Plan**⁵⁹, adopted on 3 February 2021, is one of the Commission's flagship initiatives and a main priority in the area of public health. The Plan addresses cancer in a holistic way through four pillars: (1) prevention; (2) early detection; (3) diagnosis and treatment; and (4) quality of life of cancer patients and survivors. Europe's Beating Cancer Plan aims to improve cancer prevention and care for all EU citizens, decrease existing inequalities between and within Member States and reduce the increasing pressure on health and social systems and the overall economy. It will support local and regional governments and health authorities in rural areas to promote and facilitate active and healthy lifestyles and invest sufficiently in the specific cancer needs of rural areas changing population.

The European Commission also supports regional and national innovative health ecosystems and exchange of best practices for improved health and wellbeing through different partnerships, such as the **European Innovation Partnership on Active and Healthy Ageing** or the **Active and Assisted Living Programme**. These partnerships and ecosystems, as well as innovative actions supported through **Horizon Europe** and **Digital Europe Programme** will continue to support the development and uptake of innovative health solutions for citizens and patients in EU regions. Actions include the support the development of healthcare including eHealth in rural

⁵⁶ The European Pillar of Social Rights Action Plan. <https://ec.europa.eu/social/BlobServlet?docId=23696&langId=en>

⁵⁷ Council Recommendation (2018/C 466/01) on strengthened cooperation against vaccine-preventable diseases.

⁵⁸ European Commission, Roadmap for the implementation of action by the European Commission based on the Commission Communication and the Council recommendation on strengthening cooperation against vaccine preventable diseases. https://ec.europa.eu/health/sites/health/files/vaccination/docs/2019-2022_roadmap_en.pdf

⁵⁹ COM(2021) 44 Communication Europe's Beating Cancer Plan.

areas through access to data across borders, better data for research as well as person-centred and personalised healthcare.

4.1.15. Education policy

High quality education and training is the basis for sustainable and fair growth; it nurtures innovation and lays the foundation for active citizenship. It can play a key role in helping rural areas becoming more resilient, connected and sustainable by 2040. This requires targeted actions in improving access, participation and quality of education and training in rural areas, compensating for challenges related to distance or size, but also for socio-economic factors.

The Commission will propose a **Council Recommendation on Pathways to School Success** in 2022. The objective of this initiative is to promote better educational outcomes for young Europeans, in particular by reducing underachievement in basic skills (reading, maths and science) and early leaving from education and training, and by increasing the number of young people with an upper secondary qualification. **'Pathways to School Success'** is essential to ensure more inclusive and equitable education systems, in which all learners can achieve their full potential, irrespective of their socio-economic background, and be prepared for a healthy and successful adult life.

Digital education can also be an opportunity for rural areas. One aspect of the European Commission's 2021-2027 **Digital Education Action Plan** addresses how the deployment of digital technologies (apps, platforms, software) can be used to improve and extend education and training. Blended learning is an example of how technology can be used to support teaching and learning processes in rural areas. Drawing on the COVID-19 crisis, and as part of the Digital Education Action Plan, the European Commission will propose a **Council Recommendation on online and distance learning for primary and secondary education in 2021**. It will address what school education systems need to develop to provide different learning modalities (in-school and distance; online and off-line; synchronous and asynchronous) that are effective, inclusive and engaging. The objective is to support Member States in adapting their school education systems to be more flexible and inclusive and to cater for a broad range of learner needs, changing circumstances, and pedagogical approaches. Improving blended learning is, on the one hand, an immediate response to specific lessons learned from the COVID-19 crisis. On the other, it provides a more long-term opportunity to support to educators and learners in rural areas.

A second key aspect of digital education is the need to equip all learners with digital competences (knowledge, skills and attitudes) to live, work, learn and thrive in a world increasingly mediated by digital technologies. Another action of the Digital Education Action Plan, the **Digital Education Hub** is a network of national advisory services on digital education to exchange experience and good practices on the enabling factors of digital education. It could also help make the rural education and training systems fit for the digital age and help people in rural areas to achieve higher digital skills, which are needed to live, work, learn and thrive in the 21st century. **Alliances for Innovation** can support actors in rural areas in strengthening their innovation capacity by boosting innovation through cooperation and flow of knowledge among higher education, vocational education and training (both initial and continuous), and the broader socio-economic environment, including research.

Higher Education Institutions can benefit from the **HEInnovate**⁶⁰ toolbox in their entrepreneurial and innovation capacity, and use the guidance from the **Higher Education and Smart Specialisation**⁶¹ initiative to guide investments from ERDF into skills and Human Capital.

The European Commission also supports the improvement of education and vocational education and training (VET) in rural areas through the **Erasmus+ programme**. The Erasmus+ programme offers opportunities for schools, adult education and VET provider (including VET schools focusing on agriculture skills) and other educational institutions to cooperate and to strengthen the quality of their education and training offer. In addition, it promotes the participation of teachers, trainers, and learners to learning experience abroad. A priority for participants with fewer opportunities and incitements for facilitating the travel of participants from the most remote areas, favours the inclusion of rural areas. The introduction of a new accreditation scheme, thought to facilitate access to the programme, should benefit to educational actors from rural areas.

The **Erasmus+ programme** 2014-2020 has supported over 7000 cooperation projects with rural development as one of their focus areas. The new Erasmus+ programme 2021-2027 will continue supporting cooperation projects of organisations addressing rural development in the fields of education, training, youth and sport. In addition, the new Erasmus+ will facilitate access to the programme to people with fewer opportunities, including people from rural and remote areas, with dedicated inclusion measures. These inclusion measures will range from financial mechanisms for participants and organisations, to targeted communication, awareness raising activities and easier-to-access activity formats.

Under the Erasmus+ Programme, the **European Universities, also supported by the Horizon programme**, can be helpful to improve the community **engagement of higher education institutions to support more alignment** between local, regional, national levels and to develop coherent regional and local policies.

The **European Universities, selected under Erasmus +**, will develop new interdisciplinary curricula and implement innovative pedagogies that will offer more relevant and adapted skills to their students and staff for sustainable development, e.g. linked to the digital and green transitions. An example relevant for rural areas is the E³UDRES² European University, the “Engaged and Entrepreneurial European University as Driver for European Smart and Sustainable Regions”. In this alliance, technical universities and universities of applied sciences located in a small or medium-sized European cities are anchored in their surrounding environments, including rural areas, but at the same time internationally connected and active within the European Higher Education Area. This alliance will address the development of small and medium-sized cities and their rural areas into smart and sustainable regions as its central issue. The higher education institutions in this European University alliance are committed to supporting their rural surroundings to overcome the challenges of the digital age as well as urbanisation.

⁶⁰ HEInnovate, developed by the European Commission with support from the OECD, is a self-assessment tool for Higher Education Institutions who wish to explore their innovative potential. <https://heinnovate.eu/en>

⁶¹ European Commission, *Higher Education for Smart Specialisation A Handbook*, 2018. <https://s3platform.jrc.ec.europa.eu/en-US/w/higher-education-for-smart-specialisation-a-handbook>

The European Commission has been supporting the employability of young people and strengthening the solidarity between its citizens, across Member States via the **European Solidarity Corps**. They support the engagement of young people in organisations for solidarity volunteering activities or solidarity jobs and rural areas have been a privileged target for activities under this Programme.

4.1.16. Cultural policy

Across the territories of the European Union, culture is highly valued by residents and visitors alike. Cultural and creative industries are also a **vital asset for regional economic competitiveness and attractiveness**, while cultural heritage is a key element of the territories' **image and identity** and often times the focus of tourism. This is equally true for urban as well as rural areas.

The **New European Agenda for Culture, Work Plan for Culture 2019-2022** of the Council of the European Union, as well as the **European Framework for Action on Cultural Heritage** recognise the contribution of culture to local development and propose specific actions relevant for rural areas.

The EU can help local stakeholders to tap into the **potential of culture on the local level for rural areas**. Some of the specific topics that are being addressed are **culture for economic growth, culture for social cohesion and inclusion, culture for well-being** as well as **sustainable cultural tourism**.

In relation to culture on the local level in rural areas, EU can assist stakeholders with **capacity building, networking** and **financing specific initiatives**. This can be done via **Creative Europe** programme (the only EU programme specifically set up to support cultural and creative sectors), but also via opportunities available for culture through other EU funding mechanisms, including, for instance, **European Structural and Investment Funds, Erasmus+** or **Horizon Europe**.

In 2020, within the framework of **Voices of Culture**, the structured dialogue between the cultural sector in the European Union and the European Commission, an expert group was convened to examine the topic of **the role of culture in non-urban, rural and peri-urban areas**. 35 organizations from across Europe were selected through an open call for proposals in order to propose specific recommendations on the topic and exchange views with the Commission services. Their report, containing **specific recommendations and case studies**, was published in April 2020⁶².

4.1.17. Industrial strategy policy

Rural areas host many actors of economic ecosystems and contribute to each and every one of them in a way or another. The **Industrial Strategy for Europe**⁶³ aims at taking into account all players within a value chain and reflect on the need for new ways of thinking and working to lead

⁶² Read more about the work of the group as well as Voices of Culture here: Voices of culture, *The role of culture in non-urban areas of the European Union*. <https://voicesofculture.eu/2019/10/10/the-role-of-culture-in-non-urban-areas-of-the-european-union/>

⁶³ COM (2020)102 Communication A New Industrial Strategy for Europe.

the twin transitions. There are around 3,000 Clusters⁶⁴ organisations across Europe accounting for 1 out of 4 jobs in the EU, reaching out to over 100,000 SMEs, some 8,000 large firms, about 11,000 universities and other research organisations. SMEs members of an industry cluster are more likely to be located in a small town or a village, rural areas are thus fully concerned by the European industrial strategy, the jobs relating to any of the ecosystems and the economic activity of their actors.

The Strategy focuses on several industrial ecosystems and in the key role of **clusters**; groups of firms, related economic actors, and institutions that are located near each other and have reached a sufficient scale to develop specialized expertise, services, resources, suppliers, skills. Clusters can be helpful to illustrate interdependencies between Member States, assess the investment needs in a value chain and identify business opportunities with a cross-border dimension. They **bring a supra-national and European added-value** to all ecosystems by going beyond national administrative boundaries.

Rural areas should seize the opportunity of working with such actors to preserve the socio-economic fabric and long-term development of rural territories. **Multi country and cross-border projects**, in particular involving other EU programmes, would benefit from efficient coordination that the Commission stands ready to provide as highlighted in the Communication on Annual Sustainable Growth Strategy 2021. Many of these projects will also enhance the strategic autonomy of the European economy.

Clusters capture important linkages in terms of uptake of technologies, skills, infrastructure, business development and research cutting across different firm sizes and industries. Hence, they can contribute **upscaling and disseminating widely outcomes of EIP-Agri projects** across industrial ecosystems.

Clusters are already strengthening the resilience of the agri-food sector and providing opportunities for its greening and digitalisation through their current activities and initiatives in the framework of COSME, Horizon 2020/Europe, etc. There is a need to **foster synergies between the EU Industrial policy and the CAP to ensure efficiency and allow for optimization** of actions where relevant.

Clusters are **key facilitators to further develop and reap up the benefits of emerging industries**. Their actions in relation to sectors such as advanced packaging or pharma food could provide positive opportunities for farmers and cooperatives across the EU but also help delivering on the CAP specific objective of safe, nutritious and sustainable food.

By integrating business, research, public administration, civil society/users of an ecosystem, clusters are well positioned to **effectively accelerate an uptake of advanced technologies**. They shall thus be seen as a strategic partner to deliver flagship areas such as *Power up* or *Scale-up* foreseen by the Recovery and Resilience Facility also in rural territories.

⁶⁴ Clusters are defined as groups of firms, related economic actors, and institutions that are located near each other and have reached a sufficient scale to develop specialized expertise, services, resources, suppliers, skills.

4.1.18. Competition policy

Article 107(3) (a) and (c) of the TFEU states that the Commission may consider compatible with the internal market, regional State aid to promote the economic development of certain disadvantaged areas within the European Union. On the basis of essentially economic (GDP) and social criteria (unemployment), Member States draw up regional aid maps identifying these disadvantaged areas, and are authorized to support companies located there.

Sparsely and very sparsely populated areas (many of them rural) are considered as fulfilling automatically the conditions to be included in the regional aid maps drawn by Member States; areas facing geographical isolation (islands, peninsulas or mountain areas) can be included by Member States in their regional aid maps without specific justification, also taking into account their geographical characteristics.

The General block exemption regulation (GBER), which allows Member States to grant aid without prior approval by the Commission, offers several possibilities of support to undertakings in these areas, in many fields (RDI, training, employment, energy, environmental protection etc.).

Finally, the European Union Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020 and the Agricultural Block exemption regulation 2014 (ABER) contain specific provisions for aid in rural areas that is co-financed from the EAFRD.

Regional State aid rules are currently being revised and have been subject to a public consultation (draft guidelines for the period 2022-2027). The criteria for designating assisted areas should not substantially change, since the evaluation of the existing text did not reveal any significant flaw. **However, the designation of assisted regions will be based on updated figures, which can have an impact on the list of covered (including rural) areas.**

The GBER is currently under review to allow better synergies between EU funding and national funding for the next programming period. **During the public consultation, some Member States and organisations requested a specific facilitated treatment of State aid for community-led local development ('CLLD') projects covered by the common provisions regulation (Regulation (EU) No 1303/2013 and future regulation), which could be particularly relevant for rural areas.** This proposal is currently under assessment.

The rules applicable in the agriculture and forestry sectors and in rural areas are also currently under review.

Specific state aid measures related to the COVID-19 crisis for rural areas: via relaxed state aid rules, extra flexibility for administrative requirements and controls is provided, in order to keep markets and food security stable.

4.1.19. Research and innovation policy

Research and Innovation (R&I), including social innovation, is necessary to effectively support job creation and sustainable growth in rural regions. Innovation is critical for the future competitiveness and sustainability of rural economies, job creation, and overall preservation of healthy, vivid, and connected rural areas. Attracting entrepreneurs and start-ups, leveraging their capacity to offer high quality of life for their inhabitants, will be key. Business models and innovation concepts, such as clusters, human capital, capacity and community building, along with good governance and citizen engagement, should be designed to address the specificities and needs of rural regions and their communities. The bottom-up development of innovation-

friendly local regulation is also needed. This will allow suitable support mechanisms and networks to exchange best practices to bring breakthrough innovation, start-ups and scale-ups to the attention of national and regional policies.

The EU finances Research and Innovation (R&I) projects through its **Horizon 2020** programme. R&I activities are engaging with rural actors in developing new knowledge and innovative solutions to facilitate generational renewal in rural areas and farming, foster synergistic territorial relations (e.g. rural-urban), develop forward-looking rural business models, help rural citizens and farmers benefit from digitalisation, improve access to social and health care in rural areas (reducing loneliness and isolation), increase their attractiveness for young people and tourists, promote the sustainable development of rural areas, and develop science-policy-society interfaces that improve democracy.

Under Horizon 2020, the Commission launched a €1 billion call for R&I projects that respond to the climate crisis, help protect Europe's unique ecosystems and biodiversity, and contribute to meeting the objectives of the Green Deal. The Horizon 2020-funded European **Green Deal Call** will spur Europe's recovery from the coronavirus crisis by turning green challenges into innovation opportunities, including in rural areas.

Knowledge exchange organised by the **CAP-funded rural networks** (ENRD and EIP-AGRI) help these innovations spread across Europe. Funding for R&I will continue with the successor to Horizon 2020, Horizon Europe.

Horizon Europe's Pillar 2 (Global Challenges and European Industrial Competitiveness) includes six clusters. All clusters are relevant for rural areas with Cluster 6 having a prominent role as it will focus on food, bioeconomy, natural resources, agriculture and environment. The aims of this cluster are to:

- lead the transition to a sustainable, climate-neutral, circular and environment-friendly economy, and better understand the underlying drivers of the sustainability opportunities and challenges, including in rural areas,
- foster an innovative, responsible and competitive European economy generating sustainable jobs and growth, and create competitive advantages on a sustainable basis including in rural areas.

R&I activities in rural areas will also be developed in at least three of the five **Horizon Europe's Missions**:

- A Climate Resilient Europe - Prepare Europe for climate disruptions and accelerate the transformation to a climate resilient and just Europe by 2030: through several areas of R&I such as regenerating community and social infrastructure.
- Mission Starfish 2030 - Restore our Ocean and Waters: through several targets such as zero plastic litter generation or eutrophication.
- Mission on soil health and food: through the development of living labs and lighthouses, the mission will engage local authorities, citizens, scientists, land managers and other actors in developing joint innovations to improve soil health and the state of related ecosystem services, link rural and urban communities.

Horizon Europe's third pillar will include three policy areas contributing to rural promotion and supporting innovation potential: the European Innovation Council, the European Innovation Ecosystems (EIE) and the European Institute of Technology. Place-based innovation policies and support to "innovation ecosystems" will be at the core of EIE R&I policies. Thriving innovation ecosystems rely on appropriate place-based regulatory frameworks, education and training, connectedness, support and incentives. Activities under EIEs will cater for the wider landscape of

innovation ecosystems in Europe and include multi-level actors and innovators from the local ecosystems committed to actively improving incremental and radical innovations.

New knowledge and innovative solutions to improve access to social and healthcare in rural areas (reducing loneliness and isolation) contribute to increase the attractiveness for young people, older people and tourists. R&I develops innovative solutions for better rural infrastructure, both tangible and intangible (such as the social fabric and culture in communities), better rural services and solutions for the sustainable development of cultural tourism.

Innovation generated by the **Cultural and Creative Industries (CCIs)** as well as the **Cultural and Creative Sectors (CCS)** is multifaceted, blending technological, business model, social and creative innovation that can help rural development in many ways. In addition to CCIs and CCS support to innovation can also be achieved by improving the supply chains and production networks in rural areas. The development of supply chains and local markets could contribute to strengthening growth and sustainability in rural areas.

Due to their innovation potential and their ability to increase competitiveness, CCIs and CCS can contribute significantly to the attractiveness of European regions, including rural areas, not only in terms of tourism, but also for example by increasing investments in the private sector. CCIs and CCS can attract talents and business to rural areas and for example develop cultural creative quarters (such as turning historic buildings into museums or historic venues).

Furthermore, CCIs and CCS strengthen the rural economy and society more widely by supporting the development of new sustainable industries, such as creative industries, services and tourism. CCIs and CCS can also contribute to improving intangible rural infrastructure, while considering vulnerable groups and the needs of existing activities and population, including an ageing population. CCIs and CCS support social innovation that helps these groups to better integrate into rural societies and develop more just, inclusive and sustainable rural areas.

The “**Silver economy**” is the part of the economy that concerns Europe’s older citizens. It covers all the economic activities relevant to the needs of older adults and improving the quality of life, the inclusion and consideration in society, as well as the involvement in economic activity of the ageing population. The European Commission produced a background report on the Silver Economy in 2015, which noted that Europe could benefit from the ageing trend, partly because of the large public sector involvement and the opportunity of using public money more effectively to foster new markets and growth. The Silver economy thus constitutes an untapped opportunity for Europe’s rural areas, which could be developed through R&I actions in the area of CCIs and CCS.

4.1.20. Data and statistics

The European Commission has been providing a variety of statistical indicators for the EU’s territory contributing to the analysis of the situation in rural areas.

The European Commission has developed typologies of local areas, including the so-called **Degree of Urbanisation** with the objective to better account for the diversity of the European territory and rural areas. These typologies were integrated into the common classification of territorial units for statistics (NUTS Regulation). Giving them legal recognition and ensuring a harmonised application will allow for referencing these typologies from other legislation and will lead to even more European statistics on rural areas in the future. To name an example: the recently adopted **Integrated European Social Statistics (IESS) regulation**, which provides a

unified framework for seven previously independent data collections (including the surveys on Labour force and Income and living conditions) identifies the Degree of Urbanisation as a core social variable standardized across all surveys.

To appreciate how territorial demographic and socio-economic diversities across the EU territories⁶⁵ affect rural areas it is important to avail of data at high spatial resolution. Besides the use of official statistics, the European Commission is active in fostering the production of knowledge also through the development and adoption of advanced modelling and analytical platforms which allow analysing urban and rural dynamics (status and future trends, at fine granularity) and the interactions between territorial parameters such as e.g. demography, land changes, accessibility and remoteness, economy and others.

The European Commission will make more use of georeferenced data by systematically integrating and mainstreaming geospatial information into statistical production and collecting more geospatial data. This will allow for more detailed regional and local level statistics in areas such as demography, health, education, tourism and agriculture.

Furthermore, the European Commission, in close cooperation with international partners, has produced a **methodological manual to define cities, towns and rural areas for international comparisons**⁶⁶. The objective is to further improve quality and better harmonise statistic at international level contributing to broader analysis of rurality.

Relevant data will be, where possible, disaggregated by sex to allow for thorough analyses of gender inequalities, challenges and opportunities. Where available, data will additionally be broken down by ethnicity, as foreseen by the EU Roma strategic framework.

⁶⁵ Aurambout J.P., et al., *The demographic landscape of EU territories*, 2021.

⁶⁶ Eurostat, *Applying the Degree of Urbanisation — A methodological manual to define cities, towns and rural areas for international comparisons, Manuals and Guidelines*, 2021. <https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/ks-02-20-499>

4.2. THE IMPORTANCE OF COORDINATION BETWEEN EU FUNDS FOR RURAL AREAS

As we can see from the previous sections, several EU policies and initiatives have links to rural areas. This section concentrates on two particularly important areas of intervention of the Union: support to rural development outside farming under the CAP and the Cohesion Policy, which deserve coordination to be as effective as possible on the ground.

4.2.1. Current and future EAFRD support beyond agriculture and forestry

- Current EAFRD support not directly linked to agriculture and forestry

Most support from the EAFRD is targeted to farming activities or farming communities. Depending on the strategy of the national or regional RDPs, the measures with the largest funding share include farming in areas with natural constraints, support to agri-environment practices, support to on-farm investments, support for setting-up of young farmers and organic farming.

Certain measures, as set out in the Rural Development Regulation EU (No) 1305/2013, do not directly target the agriculture and forestry sectors, but are none the less beneficial for farmers as part of the rural communities or business owners. Such measures provide support for basic services in villages, initiatives creating local jobs, diversifying farm activities and/or added value to products among others. Over the past decades, these measures are an important element in a holistic approach for the benefit of the rural economy, ensuring good living conditions for rural communities.

Such support in the current period (now extended to 2022) is programmed under the Rural Development Priority “Promoting social inclusion, poverty reduction and economic development in rural areas”⁶⁷ (“Priority 6”).

For the period 2014-2020⁶⁸, 27 Member States have programmed some EUR 14.8 billion, of which EUR 14.0 billion corresponds to measures providing support not directly linked to agriculture and forestry. This represents **14.8% of the total EU-27 EAFRD budget, of which 48% is for LEADER and 41% is for the measure “Basic services and village renewal”**. The tables below show the share of the EAFRD 2014-2020 programmed under priority 6 for measures not directly linked to agriculture and forestry, at EU level and at Member State level.

⁶⁷ The remaining priorities show a bolder sectorial orientation (agriculture, forestry and food chain).

⁶⁸ This excludes funds for the transitional years 2021 and 2022 from the EAFRD and the European Union Recovery Instrument (EURI) as these have not yet been programmed in the rural development programmes.

Table 11 EAFRD allocation not directly link to agriculture and forestry by measure and by Member State

Measures programmed under Priority 6	% of EU-27 EAFRD	MS	% of non-agri support in MS EAFRD allocation
M01 - Knowledge transfer and information actions	0,05%	EU-27	14,8%
M02 - Advisory services, farm management and farm relief services	0,01%	AT	12,9%
M04 - Investments	0,4%	BE	9,6%
M06 - Farm and business development	1,3%	BG	28,2%
M07 - Basic services and village renewal	6,1%	CY	11,0%
M08 - Forestry	0,1%	CZ	6,7%
M13 - Areas with natural constraints	0,2%	DE	25,4%
M16 - Cooperation	0,2%	DK	7,8%
M19 - Support for LEADER local development	7,1%	EE	16,9%
M21 - Covid-19 mitigation support	0,05%	ES	12,2%
Total	15,6%	FI	12,5%
Total for non-agricultural measures (highlighted in grey)	14,8%	FR	8,3%
		GR	10,9%
		HR	20,2%
		HU	15,0%
		IE	7,2%
		IT	11,2%
		LT	15,0%
		LU	7,2%
		LV	14,3%
		MT	6,6%
		NL	4,7%
		PL	18,9%
		PT	5,5%
		RO	23,5%
		SE	21,7%
		SI	7,9%
		SK	15,3%

Source: European Commission – Financing plans of EAFRD Rural Development Programmes (June 2021)

Beyond these two measures, support is also granted for training, advice, support to business development and cooperation projects.

While LEADER is deeply rooted in the CAP, it is important to look at the scope and extent of the measure “**Basic services and village renewal**”. The budget programmed under Priority 6 for this measure (**EUR 5.8 billion or 6.1% of total EAFRD**, as shown in the table above) represents 41% of the total budget programmed under Priority 6 not directly linked to agriculture and forestry. The details by Member State are as follows:

Table 12 % of M07 under P6 in Member State EAFRD allocation and % of M07 in total of the non-agri support by Member State.

MS	% of M07 under P6 in MS EAFRD allocation	% of M07 in total non-agri support for MS
EU-27	6,1%	41,0%
AT	6,2%	47,6%
BE	2,6%	26,6%
BG	21,3%	75,4%
CY	6,0%	54,5%
CZ	0%	0%
DE	10,6%	41,8%
DK	0%	0%
EE	0%	0%
ES	1,4%	11,8%
FI	1,9%	14,8%
FR	2,2%	25,9%
GR	1,7%	15,7%
HR	13,9%	69,1%
HU	6,7%	44,8%
IE	0%	0%
IT	4,4%	38,8%
LT	4,2%	28,2%
LU	0%	0%
LV	8,0%	55,8%
MT	0%	0%
NL	0%	0%
PL	10,4%	54,9%
PT	0,1%	1,2%
RO	13,5%	57,5%
SE	14,0%	64,5%
SI	0,9%	11,3%
SK	5,7%	37,4%

Source: European Commission – Financing plans of EAFRD Rural Development Programme (June 2021)

These investments in basic services and village renewal in rural areas often consist in small scale investments (like agri-tourism, small-scale manufacturing or points of sale for local or farm products) which often benefit farming families directly.

Similar investments can be funded under the ERDF, and in some cases by the Cohesion Fund. There are no strict demarcation rules, but the EAFRD Regulation⁶⁹ refers explicitly to the funding of “small-scale infrastructures”, with the exceptions of investments in broadband and renewable energy, for which Member States have to ensure demarcation and complementarity of support available under different Funds of the Union. The same approach applies as regards other support to non-agricultural activities, which can also be funded by the EAFRD as well as the ERDF/Cohesion Fund. This double possibility (being funded either under the EAFRD or under ERDF/Cohesion Fund) for these types of investments is chosen particularly by Member States or regions which have limited ERDF funding compared to the needs and/or no Cohesion funding (see also below) or particularly high needs to develop their rural infrastructures in addition to basic large infrastructure (trans-European, national, regional).

⁶⁹ Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

- **Future EAFRD support not directly linked to agriculture and forestry**

In view of the Long term Vision for rural areas, Commission President von der Leyen has stressed the importance of ensuring that “the needs of rural areas will be specifically catered for in the CAP Strategic Plans”⁷⁰.

Besides, the Commission proposal for a CAP Strategic Plan Regulation (SPR)⁷¹ for the CAP post 2020 generally maintains the scope of public intervention of the EAFRD as in the current period, while providing more flexibility to Member States in designing interventions in rural areas. The proposal foresees a specific objective under Article 6(h) to “*promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry*”, as well as five result indicators to monitor progress towards this objective.⁷²

Among the eight broad types of interventions that will frame the rural development support in the future CAP Strategic Plans, four may also support activities not directly linked to agriculture or forestry:

- Investments (Article 68 of SPR) contributing to the CAP objectives⁷³;
- Installation of young farmers and rural business start-up (Article 69 of SPR);
- Cooperation (Article 71 of SPR);
- Knowledge exchange and information (Article 72 of SPR).

It is important to ensure a coordinated approach and synergies between policies and funds contributing to development of rural areas. The reform proposal entails certain **limitations as to what can be funded by the EAFRD** as regards investments in infrastructures and business development. According to the SPR proposal, **investments in large infrastructures** not being part of local development strategies will not be eligible (Article 68(3)(g)).

As regards **rural business start-up**, according to the SPR proposal, support for rural business start-up may only be granted to help the start-up of **rural business linked to agriculture and forestry** or farm household income diversification (Article 69(2)(b)). The business start-up of **non-agricultural activities** in rural areas can only be supported if part of local development strategies (Article 69(2)(c)).

The issue of future demarcation and complementarity between funds is addressed below in section 4.2.2.

⁷⁰President von der Leyen's mission letter to Janusz Wojciechowski https://ec.europa.eu/commission/commissioners/sites/default/files/commissioner_mission_letters/mission-letter-janusz-wojciechowski_en.pdf

⁷¹ Proposal for a Regulation of the European Parliament and of the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council. COM(2018) 392 final.

⁷² Result indicators R.31 to R.35 of Annex I of the SPR proposal (COM(2018) 392 final).

⁷³ Article 68 does not list all possible investments under the CAP Plan, but rather provides a negative list of investment expenditure not eligible for support.

4.2.2. Support for rural areas under Cohesion Policy and other policies and improved coordination

- Support for rural areas under current Cohesion Policy

The Cohesion policy funds also address investment needs in rural areas.

Article 176 of the Treaty on the Functioning of the European Union (TFEU) establishes that the ERDF is intended to help to redress the main regional imbalances in the Union. Under that Article and the second and third paragraphs of Article 174 of the TFEU, the ERDF is to contribute to reducing disparities between the levels of development of the various regions and to reducing the backwardness of the least favoured regions, *among which particular attention is to be paid to regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.*

For the programming period 2014-2020, the funds from the ERDF, ESF and the Cohesion Fund for rural areas amount to EUR 33.3 billion. The funds contribute as follows to “rural areas [which are] thinly populated”:

11% of ERDF = EUR 22.5 billion

7% of ESF = EUR 5.7 billion

8% of CF = EUR 5.1 billion

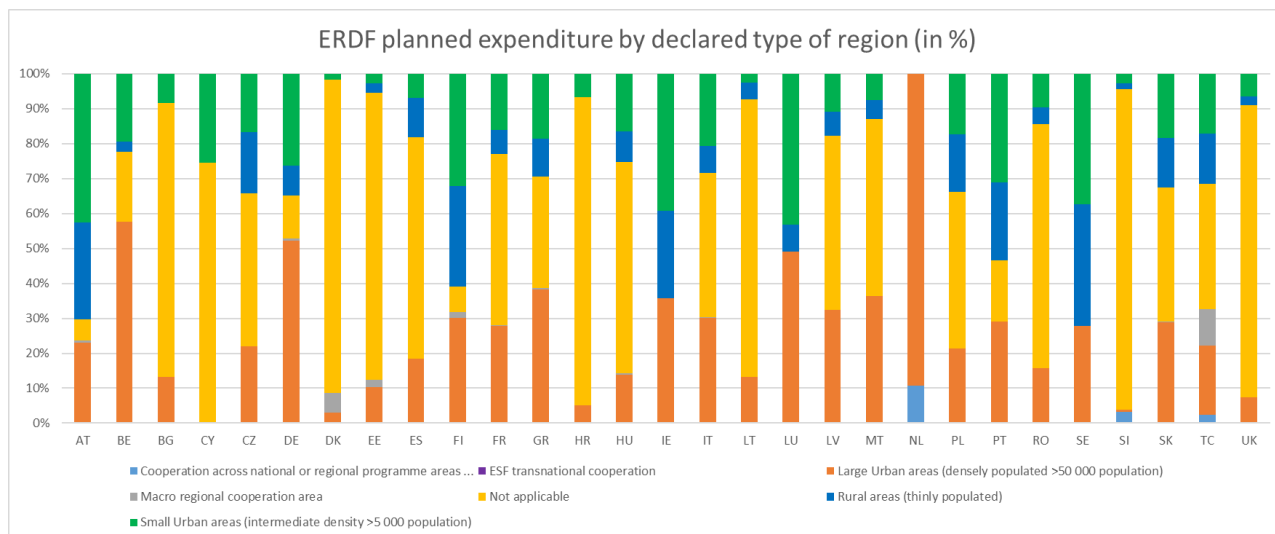
As the programming of Cohesion Policy funds is carried out at the level of priorities, figures at execution level may be higher than the planning level. In other words, **investment in rural areas is greater than the figures above** seem to suggest, specifically for “rural areas (thinly populated)”. More than half of Cohesion Policy investments cannot in fact be categorised by type of territory as they are made at a level which covers both urban and rural areas. For example, investments made to improve the businesses or social infrastructure of a small town may be registered as urban by the programme authority, but would nevertheless benefit the surrounding rural area. This is, however, not the case for the remote rural areas.

The following charts show the distribution of Cohesion Policy funding per fund, Member State and type of territory, including rural areas.⁷⁴

The category “not applicable” indicates funds that have not been categorised by type of territory by Member States. This may indicate that the investments concerned is covering both urban and rural areas, thus also possibly benefitting rural areas.

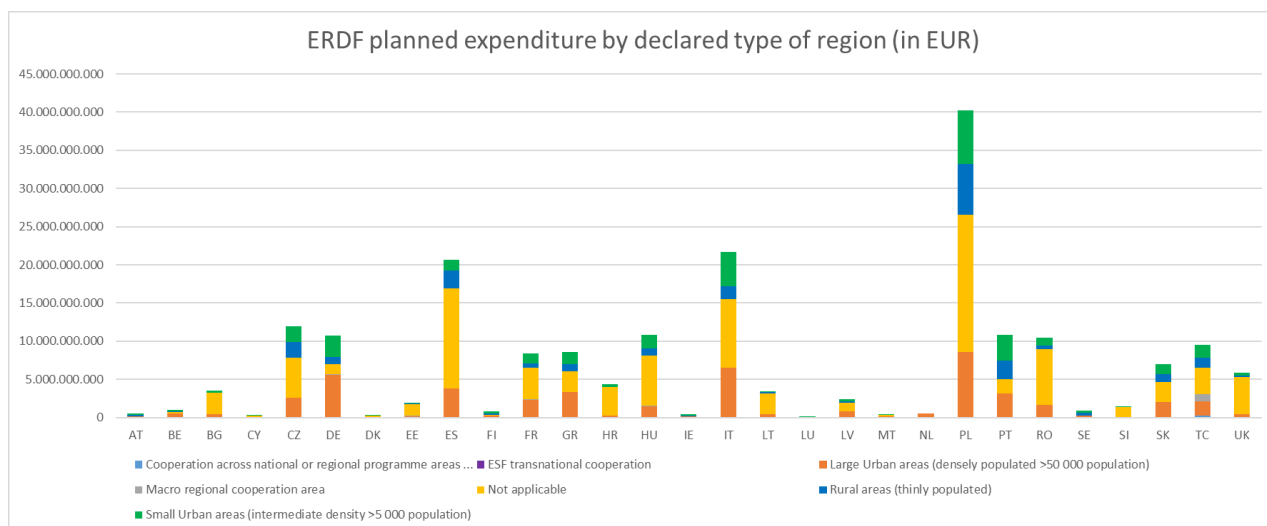
⁷⁴ The charts are based on data as of June 2021.

Figure 58 ERDF planned expenditure by declared type of territory in %



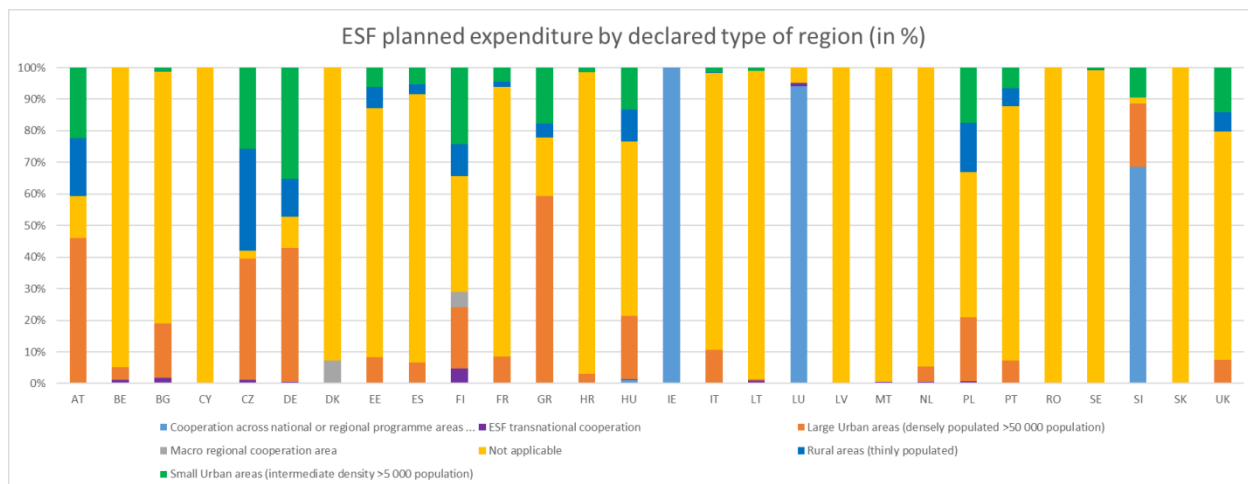
Source: European Commission – Cohesion Open Data Platform <https://cohesiondata.ec.europa.eu/> (June 2021)

Figure 59 ERDF planned expenditure by declared type of territory (in EUR)



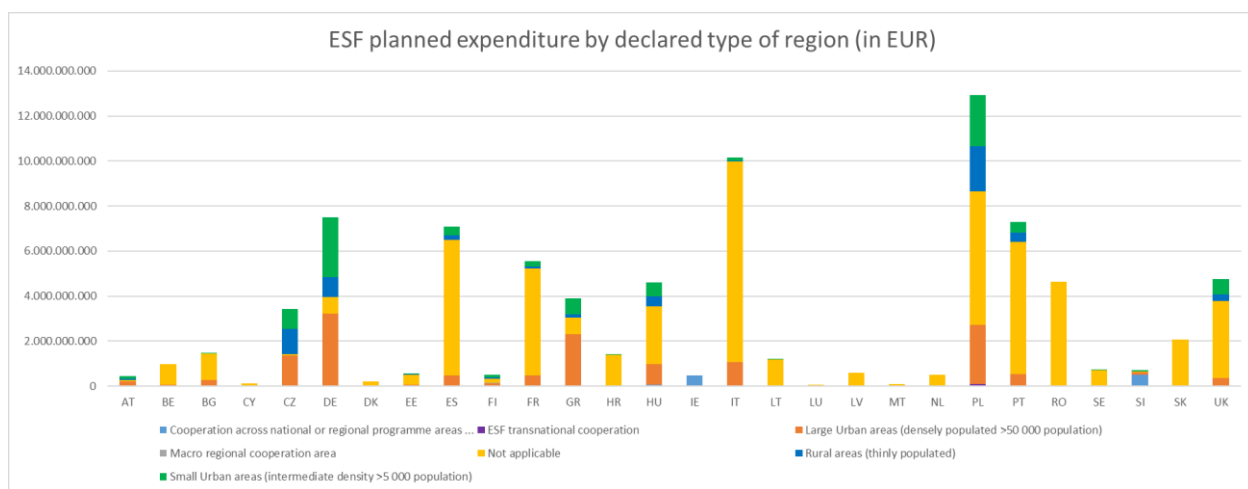
Source: European Commission – Cohesion Open Data Platform <https://cohesiondata.ec.europa.eu/> (June 2021)

Figure 60 ESF planned expenditure by declared type of territory (in %)



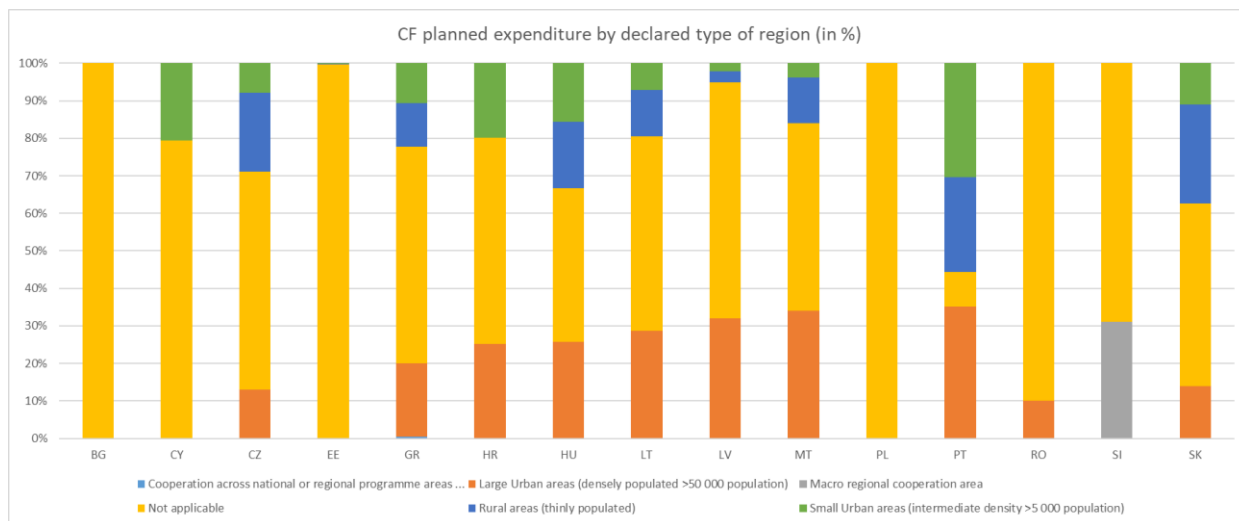
Source: European Commission – Cohesion Open Data Platform <https://cohesiondata.ec.europa.eu/> (June 2021)

Figure 61 ESF planned expenditure by declared type of territory (in EUR)



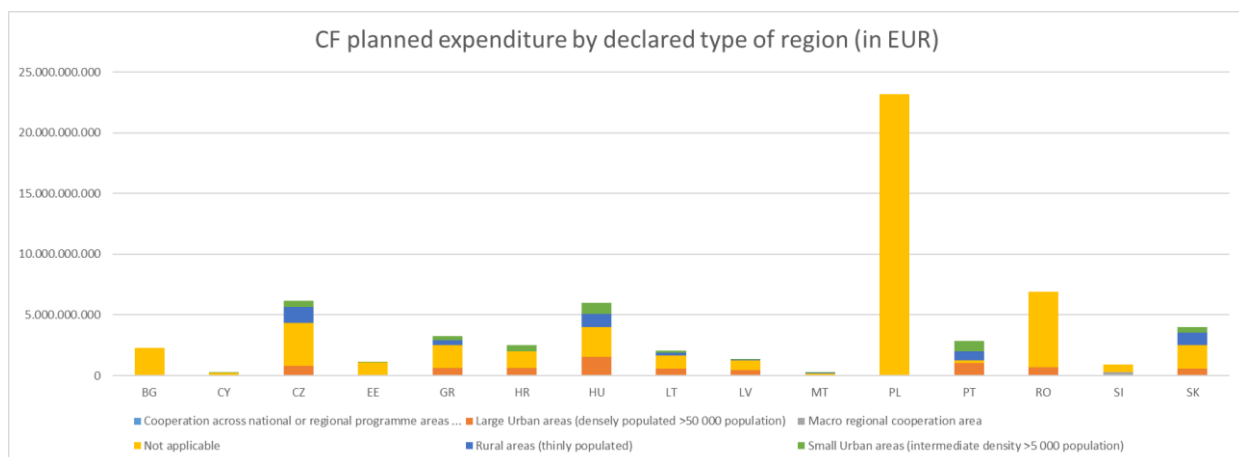
Source: European Commission – Cohesion Open Data Platform <https://cohesiondata.ec.europa.eu/> (June 2021)

Figure 62 Cohesion Fund planned expenditure by declared type of territory in %



Source: European Commission – Cohesion Open Data Platform <https://cohesiondata.ec.europa.eu/> (June 2021)

Figure 63 CP planned expenditure by declared type or region (in EUR)



Source: European Commission – Cohesion Open Data Platform <https://cohesiondata.ec.europa.eu/> (June 2021)

- Support for rural areas under future Cohesion Policy and Maritime Policy

Cohesion Policy, together with the European Maritime Fisheries and Aquaculture Fund (EMFAF), will continue to provide support also in relation to rural areas, according to the **policy objectives** included in Article 4 of the CPR, and in particular point e) thereof⁷⁵:

⁷⁵ Politically agreed text. (Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the

- a) a more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity;
- b) a greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation and risk prevention and management, and sustainable urban mobility;
- c) a more connected Europe by enhancing mobility;
- d) a more social and inclusive Europe implementing the European Pillar of Social Rights;
- e) **a Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives.**

In addition, under this policy objective *e*), the ERDF shall support the specific objective of *fostering the integrated and inclusive social, economic and environmental local development, culture, natural heritage, sustainable tourism and security, in areas other than urban areas. Support under policy objective 5 shall be provided through territorial and local development strategies, through the forms set out in points (a), (b) and (c) of Article 22 of Regulation [CPR]. (Article 2(1)(e)(ii) of the future ERDF Regulation⁷⁶).*

There is no earmarking funding mechanism specifically for rural areas. However, the co-legislators have agreed on introducing a new Article 8a in the ERDF regulation as follows: *In accordance with Article 174 TFEU, the ERDF shall pay special attention to addressing the challenges of disadvantaged regions and areas, notably rural areas and areas which suffer from severe and permanent natural or demographic handicaps. Member States shall, where appropriate, set out an integrated approach to addressing demographic challenges or specific needs of such regions and areas in their partnership agreements in accordance with Article 8(1)(ga) of the of Regulation (EU) 2018/xxxx [new CPR]. Such an integrated approach may include a commitment on dedicated funding for that purpose.*

- Demarcation, coordination and complementarity between EAFRD and other support policies for rural areas

It is essential that close coordination between the policies is maintained to ensure that the funds active in rural areas are implemented in a coherent and coordinated way, as in the 2014-2020 period, not least with a view to ensure that all identified needs are addressed (no funding gaps). While most other shared management funds maintain the Partnership Agreement as the main coordinating planning tool at the start of the programming process, the CAP Strategic Plans will not be covered by the Partnership Agreement but the SPR contains provisions to guarantee and demonstrate coordination, synergy and complementarity.

The EAFRD remains the main specialised instrument for supporting the rural economy including agriculture and rural communities. However, since EAFRD funds will be insufficient to address all challenges and needs in rural areas, other Funds also provide support in rural areas, and the EAFRD must work in efficient synergy, complementarity and coordination with national and

Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument. COM/2018/375 final).

⁷⁶ Politically agreed text of the future ERDF Regulation. (COM/2018/372 Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund.).

other EU funds (notably cohesion, social, regional and maritime funds), each of them in consistency with its own objectives, purposes and scope.

In the investment areas where several funds may intervene, it is primarily a task for Member States to ensure the synergy, demarcation, coordination and complementarity between the funds active in rural areas, to be followed closely by Commission services. Member States will clarify their decisions in this regard in the Partnership Agreement for the funds covered by the CPR, as well as in the CAP Strategic Plans.

Overall, to assess intervention areas where several funds may intervene, and to avoid any risk of double funding as well as funding gaps, coordination and demarcations arrangements have been agreed and must be translated into the programming and implementation processes. In addition to the EAFRD and Cohesion Policy, also funds from the EMFAF and the Asylum, Migration and Integration Fund (AMIF) can be mobilised. The main intervention areas that may be supported by several funds are the following:

- Investments in infrastructure and basic services (ERDF-EMFAF-EAFRD)
- Business development (in coastal/rural areas) (ERDF-EMFAF-EAFRD-ESF+)
- Nature conservation actions in Natura 2000 areas (ERDF-EMFAF-EAFRD)
- Climate and environment (ERDF-EMFAF-EAFRD)
- Research and innovation e.g. smart specialisation strategies (ERDF-EAFRD)
- Education and training, capacity building, knowledge exchange (in coastal/rural areas) (ESF+-EMFAF-EAFRD)
- Social inclusion initiatives (ESF+-ERDF-EAFRD-AMIF)
- Broadband (ERDF-EAFRD)
- Tourism and cultural heritage (ERDF-EMFAF-EAFRD)

Operations funded by EAFRD are with few exceptions of a small-scale character. In comparison, Cohesion Policy is able to finance larger scale investments, in line with its focus on broader territorial development aims (e.g. linked to connectivity, job creation and economic growth), although it may also support smaller-scale actions. Cohesion Policy may therefore be less likely to support the type of projects supported by the EAFRD (in particular the ones in remote and sparsely populated rural areas facing particular challenges, and support under the LEADER approach).

To avoid possible “funding gaps” in such disadvantaged territories, the coordination of EU funds is essential to ensure that funds are mobilised in full complementarity.

The specificity of the Members States should also be taken into consideration, as there are Member States which have limited ERDF funding and are not eligible for Cohesion Fund support, or lower CAP income support to farmers.

4.3. THE RESPONSE TO THE CRISIS FOLLOWING THE OUTBREAK OF THE COVID-19 PANDEMIC

The outbreak of the COVID-19 pandemic and the measures put in place to curb the spread of the virus in the beginning of 2020 have restricted the individual and social life of all citizens in an unprecedented manner and severely impacted the European economy.

In spring 2020 the European Commission took a number of initiatives to address the immediate impact of the crisis from several angles. These include proposals for new, exceptional measures as well as increased flexibility to existing rules allowing re-direction of funds to the urgent needs.

On 19 March 2020 the European Commission adopted a **Temporary Framework for state aid measures to support the economy following the COVID-19 outbreak**. The framework enabled Member States to use the full flexibility foreseen under State aid rules to support the economy in this difficult context. The Temporary framework has subsequently been amended and extended several times. The possibilities for public support to research, testing and production of products relevant to fight the coronavirus outbreak, to protect jobs and to further support the economy have been increased. It was further amended to enable recapitalisation and subordinated debt measures, and to further support micro, small and start-up companies and to incentivise private investments. The latest amendment of 13 October 2020, prolongs the Temporary Framework until 31 December 2021 and enables aid covering part of the uncovered fixed costs of companies affected by the crisis.

In April 2020 the Commission launched two packages of measures: **the Coronavirus Response Investment Initiative (CRII)** and the **Coronavirus Response Investment Initiative Plus (CRII+)**, which were swiftly endorsed by the European Parliament and the European Council. Through these initiatives existing cohesion policy funds have been re-oriented and new funds are available in all EU countries and regions to tackle the crisis.

The Commission proposed the **SURE Regulation** on 2 April 2020, as part of the EU's initial response to the pandemic. The temporary Support to mitigate Unemployment Risks in an Emergency (SURE) is available for Member States that need to mobilise significant financial means to fight the negative economic and social consequences of the coronavirus outbreak on their territory. It provides financial assistance up to EUR 100 billion in the form of loans from the EU to Member States to support job-retention schemes. SURE is a crucial element of the EU's comprehensive strategy to protect jobs and livelihoods, and mitigate the negative socio-economic consequences of the coronavirus pandemic. The instrument has been successful in reducing the increase in unemployment in the beneficiary Member States.⁷⁷ By 25 May 2021, the EU had provided nearly EUR 90 billion in back-to-back loans. All 19 EU Member States which have asked to benefit from the scheme have received part or all of the requested amount.

The Commission further ensured that mobile workers who qualify as critical in the fight against the COVID-19 pandemic can reach their workplace. Seasonal workers are critical to the agricultural sector in terms of harvesting, planting and tending functions, especially in the current season.

⁷⁷ COM(2021) 148, SURE: Taking Stock After Six Months. Report on the European instrument for Temporary Support to mitigate Unemployment Risks in an Emergency (SURE) following the COVID-19 outbreak pursuant to Article 14 of Council Regulation (EU) 2020/672.

Member States have also been encouraged to use the potential of rural development measures to support actions to mitigate the crisis. **A new exceptional and temporary measure has been adopted to address the liquidity problems of farmers and agri-food SMEs.** The measure allows Member States to mobilise up to 2% of their EAFRD budget to provide liquidity support to those farmers and agri-food SMEs that have been impacted the most by the crisis. Farmers and other rural development beneficiaries can also benefit from loans or guarantees to cover operational costs of up to EUR 200,000 at favorable conditions, such as very low interest rates or favorable payment schedules.

4.3.1. A recovery plan for Europe: NextGenerationEU

To help repair the economic and social damage caused by the COVID-19 pandemic, the European Commission, the European Parliament and EU leaders have agreed on a recovery plan for Europe, named **NextGenerationEU**, as part of the Multi-annual Financial Framework for 2021-2027, which was finally in place on 17 December 2020.

NextGenerationEU, which is designed to boost the recovery, is the largest stimulus package ever financed through the EU budget. A total of EUR1.8 trillion will help rebuild a post-COVID-19 Europe through several existing or new instruments. **NextGenerationEU is not only meant to lead the way out of the crisis, but also to lay the foundations for a modern, resilient and more sustainable Europe through a green and digital transition.**

The **Recovery and Resilience Facility (RRF)** is the main instrument of NextGenerationEU. RRF will make EUR672.5 billion in loans and grants available to support reforms and investments undertaken by Member States. The aim is to mitigate the economic and social impact of the COVID-19 pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. Member States will have access to the funds available in the Recovery and Resilience Facility through national Recovery and Resilience Plans (RRP), to be approved by the Commission.

Member States can use the RRP to support the recovery and the green and digital transition in rural areas. For the green transition, several types of investments in rural areas could be supported, such as land restoration, improvement of the producers' position in the supply chain, land-based carbon sinks, investments in circular economy and bio-economy, sustainable food production, biodiversity etc.

The key areas for potential investment in digitalising agriculture and rural areas include broadband, investment in the bioeconomy and renewable energy, knowledge, innovation, cooperation and social capital for sustainable agricultural production and investments to improve the economic, social and environmental sustainability of rural areas. Investments in infrastructure, mobility and public and social services are necessary to sustain rural areas and strengthen their resilience.

The **Technical Support Instrument** provides technical support upon request of EU Member States to design and implement reforms. The support is provided across a wide range of policy areas, including the green and digital transitions in rural areas.

Within the Cohesion Policy, the **Recovery Assistance for Cohesion and Territories of Europe (REACT EU) instrument** was proposed with the objective to foster crisis repair in the context

of the COVID-19 pandemic and its social consequences and preparing a green, digital and resilient recovery of the economy. REACT-EU (of total budget of EUR 50.6 billion⁷⁸) aims to bridge the gap between the immediate crisis response, facilitated by CRII/CRII+ amendments of the CPR 2014-2020, and the long-term recovery, which will be supported with the 2021-2027 Cohesion Policy. This means still focusing on rebuilding the resilience of healthcare systems, restoring labour markets, supporting workers and enterprises, addressing the social impact of the crisis, while preparing future-proof foundations of recovery. The mix of investments will depend on the case-by-case analysis in a given region or Member State.

REACT-EU under Cohesion Policy also provides for targeted measures to support SMEs to prepare for a green and digital transition as well as crisis liquidity support. In the 2021-2027 programming period, Cohesion funds support dedicated investment in SME competitiveness and innovation in particular amounts to approx. EUR 80 billion. The smart specialisation approach for investments in innovation under the ERDF promotes diversification outside the agricultural sector, notably in areas linked to the Green Deal such as renewable energies, the bio economy and climate change adaptation, as well as the strengthening of value chains in manufacturing and extractive sectors.

This new funding of EUR 50.6 billion is a top up to funding still available under 2014-2020 programmes and additional to the cohesion allocations 2021-2027. In addition, an extra allocation of EUR 10.8 billion will be implemented by the Just Transition Fund.

NextGenerationEU further includes an additional EUR 8 billion to the EAFRD directed at addressing the impact of the COVID-19 crisis and its consequences for the Union agricultural sector and rural areas. These funds should pave the way for a resilient, sustainable and digital economic recovery in line with the objectives of the Union's environmental and climate commitments and with the new ambitions set out in the European Green Deal.. They will be implemented in the current rural development programmes which have been extended to 2021-2022.

⁷⁸ Data for this section is in current prices.

5. FORESIGHT FOR RURAL AREAS

In addition to activities relating to consultation, analysis and policy review, foresight provided building blocks for constructing the Long term vision for rural areas.

Foresight, as a discipline for generating collective intelligence about the future in a systemic way, offers a structured way forward to gain useful insights about possible mid- to long-term developments. Building on a participatory process, foresight helps to imagine alternative and preferred futures and to create a shared understanding of possible consequences of current trends, influencing factors and incremental as well as disruptive changes.⁷⁹ It supports stakeholders in developing visions to actively shape the future.

A **vision** is an aspirational, engaging image of the future, inspiring, providing a sense of direction to steer action, challenging, but achievable.

5.1. SETTING THE SCENE FOR 2040

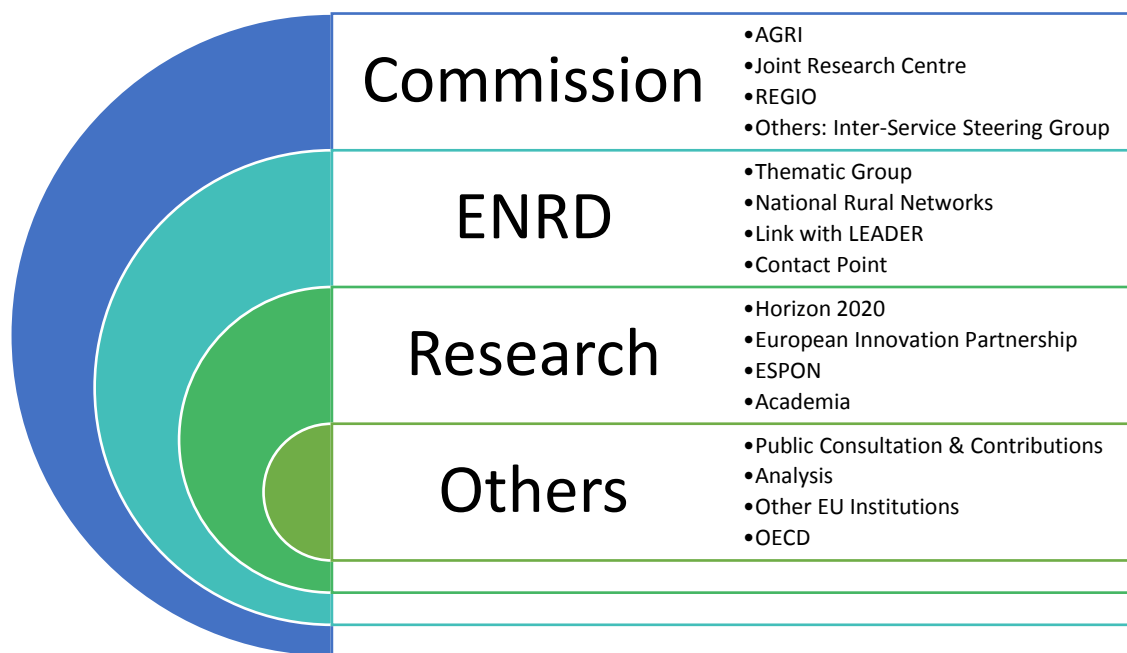
The horizon for the long-term vision is **2040**, mid-point between 2030 – with the United Nations Agenda for Sustainable Development articulated around 17 Goals (Sustainable Development Goals) and the European Green Deal targets, and 2050 – timeline for a “Clean Planet for All”. This means looking 20 years ahead - less than the time for “generational renewal”, for today’s children to become adults. However, the Long-term Vision for rural areas should not just stop in 2040, but should be seen as part of a dynamic process to move ahead, even beyond 2040, for instance to be on track for climate neutrality by 2050.

To project oneself into 2040, a **participatory foresight** process was used, relying on multiple stakeholders and sources. While the public consultation was on-going, foresight drew on **analysis**, especially on the challenges and opportunities identified in section 1, as well as on **research** and **innovation** projects, broader academic work, European and international references.

Feedback and replies to the public **consultation** also included forward-looking contributions on the vision for 2040. For the purpose of consistency, these inputs are presented in the synopsis report and not duplicated here. In short, the public consultation echoed the call for recognition and revalorization of the vital and multiple roles of rural areas. Rather than the backward image of rural areas lagging-behind, the vision should offer forward-looking, positive prospects, leaving no one and no place behind.

⁷⁹ V. Sucha, M. Sienkiewicz (ed.), *Science for Policy Handbook*, Elsevier, 2020.

Figure 64 Participatory foresight for contribution to the long term Vision for EU Rural Areas



The Joint Research Centre (**JRC**) of the European Commission provided references and carried out a foresight exercise to develop scenarios together with the European Network for Rural Development (**ENRD**).⁸⁰

The **ENRD Thematic Group** (TG) on the Long term Vision for rural areas (#Rural2040) had a pivotal role both for scenario development and for facilitating multiple contributions for the vision. It was established following a call for expression of interest launched in early summer 2020⁸¹. The group consisted of 55 members from across the EU, participating in a personal capacity, from National Rural Networks, Managing Authorities, Local Action Groups (LAGs), local and regional authorities, European stakeholder and research organisations, and staff from the European Commission.

Amongst references, the JRC could rely on its work on the Commission’s **Megatrends Hub**.⁸² Megatrends are long-term driving forces that will most likely have a significant influence on the future. The first ‘Commission Strategic Foresight report’, focusing on resilience, provided a preliminary analysis of the vulnerabilities and capacities revealed by the COVID-19 pandemic in the EU and its Member States, in light of the possible acceleration or slowing down of these megatrends due to the crisis. Likely changes in megatrends are depicted in Figure 65. For

⁸⁰ ENRD official website. <https://enrd.ec.europa.eu/>

⁸¹ ENRD, *Long Term Rural Vision*. https://enrd.ec.europa.eu/enrd-thematic-work/long-term-rural-vision_en

⁸² Megatrends are continually reviewed and updated by JRC experts. The definitions of the 14 megatrends are available at: European Commission, *The Megatrends Hub*. https://ec.europa.eu/knowledge4policy/foresight/tool/megatrends-hub_en

instance, the report indicated that COVID-19 pandemic has deepened inequalities, as well as accelerated hyper-connectivity and demographic imbalances⁸³.

Figure 65 Potential impacts of COVID 19 on megatrends



Source: European Commission, *Charting the course towards a more resilient Europe, 2020 Strategic Foresight Report*

The foresight exercise also used publications and projects of the European spatial planning observatory network (ESPON) for instance on demographic developments in rural areas.

As part of international reference material, a variety of relevant **OECD** reports have been taken into account in developing the Long-term Vision. Prominent amongst these have been the 2018 publication ‘Principles on Rural Policy’⁸⁴, and the subsequent 2020 policy document ‘Rural Well Being: Geography of opportunities’⁸⁵. Both these reports include policy recommendations taking megatrends into account. These policy documents are closely aligned with the EU approach, advocating an integrated place-based approach to rural policy, which takes appropriate account of scale, holistic policy and investment strategies and the full range of stakeholders, addresses economic, environmental and social aspects, and recognises the diversity and specificity of each rural territory.

⁸³ European Commission, *Charting the course towards a more resilient Europe, 2020 Strategic Foresight Report*, 2020.

⁸⁴ OECD, *Principles on Rural Policy*, 2019. [https://one.oecd.org/document/CFE/RDPC/MIN\(2019\)4/en/pdf](https://one.oecd.org/document/CFE/RDPC/MIN(2019)4/en/pdf)

⁸⁵ OECD, *Rural Well being: geography of opportunities*, OECD, 2020. <http://www.oecd.org/regional/rural-development/rural-well-being-d25cef80-en.htm>

5.2. ENRD/TG – JRC: SCENARIOS FOR RURAL AREAS

5.2.1. Participatory approach

Scenario building is a well-established foresight method. It allows to identify the key drivers of change and to develop a systemic understanding of the changing conditions and their potential impacts. Drawing alternative futures can inform the development of a shared vision.

Several past and running research projects funded by the EU through the EU Framework Programme for Research and Innovation (e.g. FP7, Horizon 2020) dealing with rural areas include a foresight component and sometimes the development of future scenarios (see next section). They are often focussing on specific aspects of rural areas, such as agriculture and food, transport or digitalisation. The scenarios developed in this exercise aim at complementing such sectoral/thematic scenarios with a more general view on the possible future development of rural areas. Their objective is not to reflect the existing and future wide diversity of EU rural areas, rather they focus on issues of mutual interest in an EU perspective.

The scenarios were developed with members of the ENRD Thematic Group on the Long term Vision for rural areas.⁸⁶ Three online meetings were organised between September and December 2020. Participants identified drivers of change and ranked them according to importance (Which drivers will have the most impact on rural areas?) and uncertainty (Which are the drivers for which we know least which direction they will take?). The aim was to identify the two most important and uncertain drivers to so as to form the axes of the scenario matrix, i.e. make up the scenario logic. The last workshops were dedicated to further developing the four scenarios, including titles and keywords.

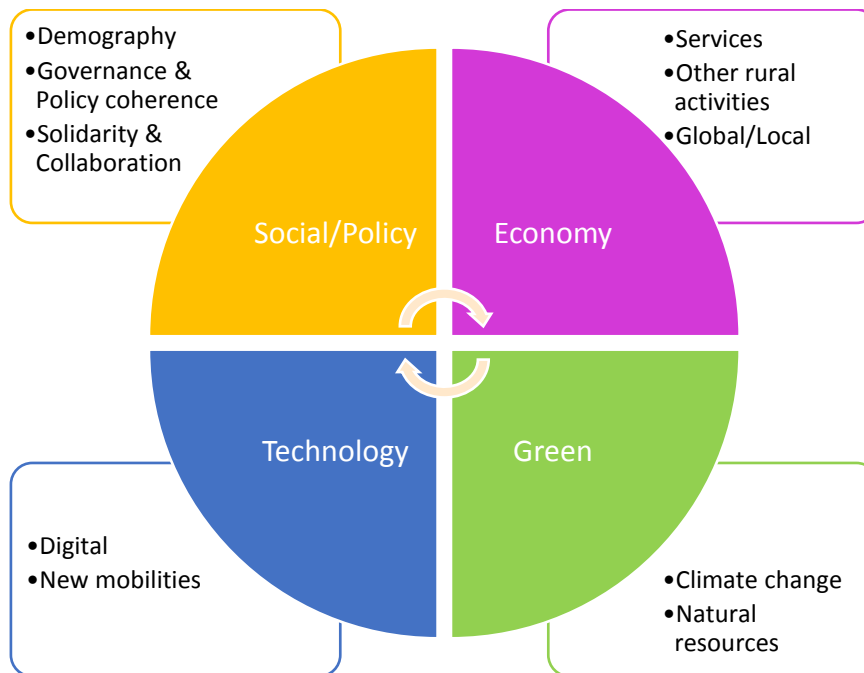
On this basis, JRC developed scenario narratives and presented them in an additional meeting in January 2021, providing an opportunity for further feedback from the Thematic Group members. The JRC presented the final scenarios during an opening session of the “Rural Vision Week” organised by the ENRD in March 2021.

5.2.2. Drivers of change for EU rural areas

Drivers of change are internal or external pressures or factors that cause change to a system. They are often grouped according to social, technological, economic, environmental and climate-related, or policy-linked dimensions (STEPP). Based on this classification, Figure 66 summarises the Top-10 drivers selected through a voting process the ENRD-TG as the most impactful and uncertain for the future development of rural areas.

⁸⁶ ‘Meeting highlights’ of the different Thematic Group meetings can be found here: ENRD, *Long Term Rural Vision*. https://enrd.ec.europa.eu/enrd-thematic-work/long-term-rural-vision_en

Figure 66 Top-10 drivers shaping rural areas for 2040- A selection by ENRD-TG



In addition to their nature (policy-related, socio-economic, green, technological), the identified drivers are further specified below according to the ENRD-TG votes on their estimated importance and uncertainty.

Multi-level governance and **demography** came out as the drivers that were at the same time the most important and the most uncertain.

Multilevel governance: The driver describes the way policies are developed and implemented in terms of participation of different types of actors (public and private) through formal and informal means.⁸⁷

Coherence of rural-related policies – This requirement came out strong amongst policy drivers, including a reference to rural proofing.

Solidarity and collaboration – This driver relates to the cohesion within rural society and its capacity to deal with inequalities. It is also linked to the resilience of rural communities.

For the purpose of the scenario exercise, coherence and collaboration were considered together with multi-level governance (coordination versus low policy coherence).

Rural demography: The driver describes the demographic development in rural areas in terms of population numbers.

In the context of broad demographic changes in Europe – which indicate depopulation after 2040 and an aging society in rural areas – a more granular level shows a much more nuanced situation with different pathways of socio-economic development. The ESPON ESCAPE project indicates

⁸⁷ Larrea M., Estensoro M., Pertoldi M., *Multilevel governance for Smart Specialisation: basic pillars for its construction*, Publications Office of the European Union, Luxembourg, 2019. <https://s3platform.jrc.ec.europa.eu/documents/20182/322704/Multilevel+governance+for+Smart+Specialisation+basic+pillars+for+its+construction/5598ea34-9340-40aa-8730-cd2962fbd9f8>

that across the EU 59% of predominantly rural or intermediate NUTS-3 regions are shrinking (covering almost 40% of the area of the EU and almost one third of its population), while 41% experience growth⁸⁸. Similarly, with respect to aging, the JRC report on Demographic Landscape of EU territories shows that towards 2050, the share of elderly in rural (30%), town (29%) and urban (27%) populations will be converging (against 19%, 17% and 15% respectively in 2020)⁸⁹. Both reports point to the impact of in- and out-migration as a potential game changer. Taking the notion of expanding and shrinking rural areas in the scenario logic allows to explore this dimension and imagine what factors could be influencing these processes in the future, either in a positive or negative way.

Climate change policies – Climate change is expected to increase global average temperatures by at least 1.5 °C above pre-industrial levels by 2040⁹⁰ with severe impacts⁹¹. Climate change came out as an impactful megatrend, however with less uncertainty than governance and demography. The driver refers to the wide-range of EU policies put in place to mitigate and adapt to climate change while sustaining the transition towards circular and eco-system based approaches. In this respect, the role of research and innovation also matters, including for rural areas.

Availability and quality of natural resources –The global demand for material resources is expected to accelerate, after a ten-fold increase since 1900, it is set to double between 2010 and 2030⁹². At the same time the quality of natural resources is deteriorating (e.g. global wildlife populations declined by 68% over the last 40 years⁹³, soil degradation is widespread and diverse in the EU⁹⁴). The driver refers to the availability and quality of natural resources in the EU, with a particular focus on bioeconomy related natural resources including biodiversity, as well as ecosystems, and their management.

⁸⁸ ESPON, *European Shrinking Rural Areas - Challenges, Actions and Perspectives for Territorial Governance*, (ESCAPE) Main Final report, 2020. <https://www.espon.eu/sites/default/files/attachments/ESPON%20ESCAPE%20Main%20Final%20Report.pdf>

⁸⁹ Aurambout J.P., et al., *Demographic landscape of EU territories*, 2021.

⁹⁰ IPCC, *Special report. Global Warming of 1.5 °C*, 2018. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty.

⁹¹ Feyen L., et al. (editors), *Climate change impacts and adaptation in Europe*, JRC PESETA IV final report, Publications Office of the European Union, Luxembourg, 2020.

⁹² EEA, *Global megatrends - Intensified global competition - for resources (GMT 7)*, 2015. <https://www.eea.europa.eu/soer/2015/global/competition>

⁹³ WWF, *Living Planet Report 2020 - Bending the curve of biodiversity loss*, Almond, R.E.A., Grooten M. and Petersen, T. (Eds). WWF, Switzerland, 2020.

⁹⁴ EEA, *The European environment — state and outlook 2020 - Knowledge for transition to a sustainable Europe*, 2020. <https://www.eea.europa.eu/publications/soer-2020>

Digitalisation in rural areas – The lack of access to digital infrastructure is a limiting factor for the rural population and rural economic actors.⁹⁵ The driver refers to connectivity and the development of digital infrastructure in rural areas, in particular reliable and fast broadband.

New forms of transport & mobility – Transport and mobility ensure the connection of rural areas to other rural areas and to urban centres for both people and goods. The driver refers to the future development of innovative transport modalities in rural areas, e.g. access to quality public transport, new transport technologies.⁹⁶

Availability and quality of public and private services – The availability and quality of services such as education, healthcare, banking or retail are important socio-economic elements contributing to the quality of life. Lack of access to services is often mentioned as an inhibiting factor for rural areas.⁹⁷ The driver summarised in Figure 66 refers to the “if and how” of the provision of services to the rural population, both public and private, and their quality.

Other economic activities, in particular new forms of rural businesses and structure of farming sector – As part of economic activities, agriculture⁹⁸ represents an important sector in rural areas, influencing land use, environmental quality, and employment and economic opportunities, being an important part of the **bioeconomy**⁹⁹. The future structure of the **agri-food** sector – continued consolidation or a more diverse structure, as well as more sustainable food systems will have an impact on many aspects of life in rural areas. The explicit reference to “new types of businesses models” highlights the importance of innovation.

Globalisation – understood as the degree of global economic integration. The future development of global trade and the increasing economic relevance of the emerging economies in the global south and east will influence the economies of rural areas. While growing markets and a global outlook might provide opportunities, competitiveness will be an issue¹⁰⁰. Geopolitical tensions, global supply chain disruptions, and changes in consumer preferences might lead to a decrease in globalisation. Shorter or more **local** supply chains can offer opportunities.

⁹⁵ SHERPA, *Discussion paper Long-term vision for rural areas; Draft Position paper Long-term vision for rural areas, Contribution from SHERPA Science-Society-Policy platforms*, 2020.

⁹⁶ Future Today Institute, *Tech Trends report 2020*, 13th edition, 2020.

European Commission, *Smart Sustainable Mobility-Targeted scenario N°16*, Glimpses of the future from the BOHEMIA study, 2018. https://ec.europa.eu/info/sites/info/files/smart-sustainable-mobility-targeted-scenario-16_2018_en.pdf

⁹⁷ SHERPA, *Discussion paper Long-term vision for rural areas*, 2020.

⁹⁸ Bock, A.K., Krzysztofowicz, M. et al. *Farmers of the Future*, Publications Office of the European Union, Luxembourg, 2020. doi:10.2760/680650, JRC122308

⁹⁹ Fritsche, U., et al., *Future transitions for the Bioeconomy towards Sustainable Development and a Climate-Neutral Economy - Foresight Scenarios for the EU bioeconomy in 2050*, Borzacchiello, M.T., Stoermer, E. and Avraamides, M. (eds.), Publications Office of the European Union, Luxembourg, 2021.

¹⁰⁰ OECD, *Rural 3.0 People-centred rural policy*, OECD Highlights, 2019. <https://www.oecd.org/rural/rural-development-conference/documents/Rural-3.0-Policy-Highlights.pdf>

5.2.3. Scenarios

The scenarios describe possible futures of rural areas for 2040, but they are not, in themselves, the vision. Furthermore, the scenarios cannot as such fully reflect the diversity of rural areas, instead their narratives describe possible developments in a generalised way, with a focus on issues of mutual interest in an EU perspective. Scenarios display images and narratives of “**ruralities**” with both positive and negative aspects. They illustrate contrasted projections for 2040 through the prism of demography and governance, which the ENRD-TG selected as the most impactful and uncertain drivers.

These two drivers form the axes for the scenario logic.

Vertical axis = rural **demography**, with extremes defined as:

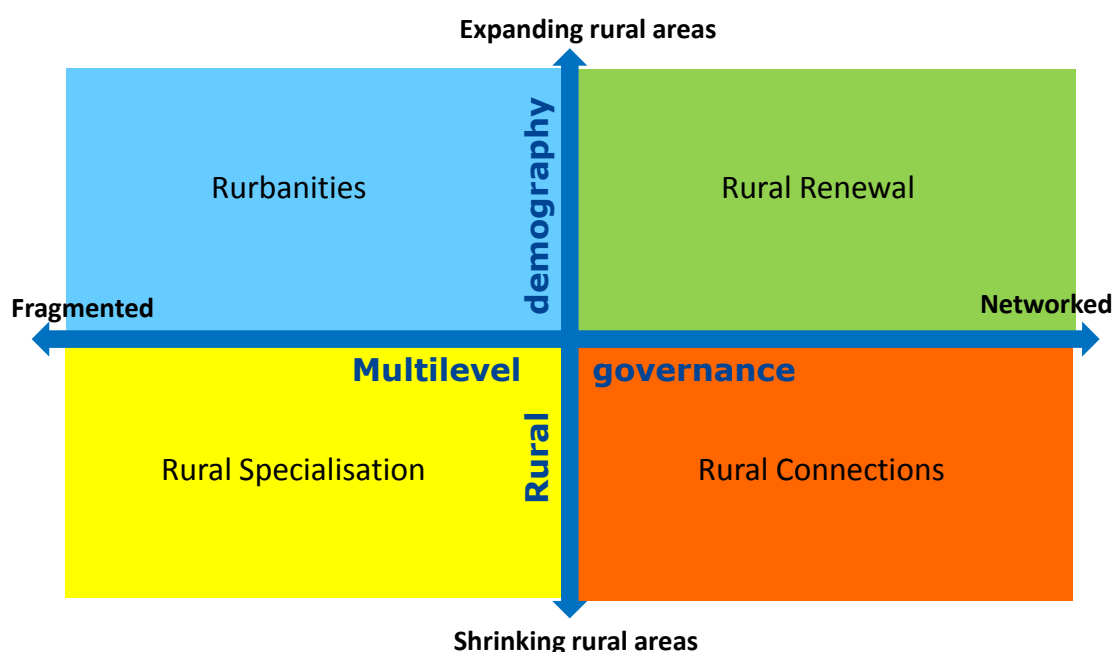
- ‘expanding rural areas’ – the rural population increases due to in-migration primarily from urban centres, and reduced out-migration.
- ‘shrinking rural areas’ – The rural population declines due to continued out-migration to urban centres.

Horizontal axis = multilevel **governance**, with extremes as:

- ‘fragmented multilevel governance’ – limited coordination and collaboration between different types of actors, resulting in low policy coherence. Poor direct participation of citizens in decision-making.
- ‘networked multilevel governance’ – dominance of well-coordinated, collaborative and often collective decision making processes, with a strong direct citizen participation.

While contrasts are somewhat exacerbated for illustrative purposes, the four scenarios sketched out in Figure 67 might give an idea about possible futures for different rural areas.

Figure 67 Four illustrative scenarios for EU rural areas by 2040



The top half of the figure depicts rural areas retaining young people and attracting new inhabitants (e.g. renewal, rurbanities), while the part below represents areas with shrinking population, but nevertheless potential (e.g. rural specialisation, rural connections). The right-hand

side illustrates the benefits of networked multi-level governance (e.g. connections, renewal), while the latter is more fragmented on the left-hand side, with less synergies (e.g. rurbanities and specialisation). The scenarios also address rural-urban interdependencies.

Table 13 Overview of the foresight scenarios summarises the main features of the scenarios while the next section provides more detailed narratives.

Table 13 Overview of the foresight scenarios

	Rurbanities	Rural renewal	Rural connections	Rural specialisation
Multilevel governance	Common objectives but uncoordinated initiatives, lack of integration of investments	Closely networked and integrated transition management	Strong coordination and collaboration at local/regional level, including cross-border	Competing, disconnected initiatives for specific interests
Rural demography	Migration to rural areas for higher quality of life	Migration to rural areas for a change in lifestyle, counter-urbanisation movement	Migration from rural areas to urban economic centres, convergence in rural hubs	Migration from rural areas to urban economic centres, depopulation of rural areas
Diversity of rural economy	Very diverse, opportunities for entrepreneurs and SMEs	Very diverse, circular and local, short supply chains	Importance of agriculture as part of a circular bioeconomy	Specialised, consolidated large-scale bioeconomy
Rural-urban relationships	Close links and competition	Rural-rural relationships gain importance	Rural-rural-urban networks, recognition of interdependence	Urban-centric perspective
Access to public services	Complex regulatory and e-service systems, strong fragmentation	Close, frequent interaction and integration	Lean services, fully digitalised	Seamless, customer-oriented online service delivery
Digital Infrastructure and services	Well developed, access to higher quality and services more costly	Well developed, community-owned local networks	Well developed, priority for managed transition of rural areas	Well-developed to enable economic activities
Civic engagement	Private-interest-driven engagement,	Deliberative democracy, collective	Liquid, deliberative	Disengaged citizens

	volatile and temporary pressure groups	decision-making	democracy	
Rural communities	Individualised society, local-oriented communities, weak social cohesion	Strong community spirit, consciously building and maintaining local communities	Strong local community spirit and bottom-up do-it-yourself engagement	Largely urban society, dispersed, unorganised rural population
Land management and agriculture	Multifunctional land-use focused on production and living functions (rural sprawl). Diverse agriculture but increased tensions.	Multifunctional land-use focused on living and ecological functions, collaborative governance. Smaller scale farming, diversified with focus on agro-ecology.	Specialised land use – compromise between regional and local needs. Large scale agriculture plus few smaller local initiatives	Specialised land use, zoned and optimised for benefits of the city. Large scale farming focused on sustainable intensification.
Climate change policies	Reactive and technology-driven, using economic incentives and voluntary approaches. Slow sustainability transition	Proactive with regulatory approaches and focus on behaviour and lifestyle changes	Proactive combining focus on environmental standards, local, short supply chains, encouraging sufficiency with climate diplomacy	Proactive with focus on few large corporate actors (regulations, economic incentives), large-scale technological interventions
Transport & Mobility	Primarily road transport, advanced individual transport prevails	Distributed and varied mobility networks, community-owned	Collaborative and collective approaches to mobility	Centralised, geared towards needs of industry and urban tourists

5.2.3.1. Rurbanities

Expanding rural areas – Fragmented multilevel governance



The EU in 2040

After the worst years of the COVID-19 pandemic in the early 2020ies, a sluggish recovery increased frictions in the EU. Citizens were keen on going back to their pre-COVID-19 pandemic lifestyles, including mobility and consumption patterns.

To rebound to pre-crisis GDP growth levels and strengthen global competitiveness compared to the faster growth of emerging economies, in particular in Asia, emphasis was put on R&I and large funding programmes, launched both at EU and national levels. Public-private partnerships were encouraged, in the context of creating an overall business friendly environment, which would favour **employment** and **economic growth** in all areas.

Governance

In 2040, the authorities at EU and national levels see a need to provide the society with their visions and strategies to show strategic leadership, yet there is limited coordination between them. This is reflected also at regional and local levels, with limited efforts to coordinate across sectorial policy fields and across territories. Rural proofing of national policies is not implemented. Instead, regions and their municipalities compete for EU and national funding and to attract entrepreneurs, industry and investments, also from third countries. The proliferation and fragmentation of programmes, strategic guidance documents and instruments make it difficult to create integrated and systemic approaches at local level.

Various groups exert influence on diverging interests. The post-COVID economic crisis increased economic inequalities and eroded the social cohesion and solidarity in the EU. Apart from sporadic initiatives via citizen assemblies on controversial policy questions, there is limited direct structured involvement of citizens in regional or national policymaking, and citizens are not pushing for it. Thanks to social media platforms, it is very easy and common to temporarily form pressure groups on major as well as very specific issues, and - often successfully - influence policies in this way.

People

The years 2020 and 2021 saw a substantial increase in teleworking due to the COVID-19 pandemic. This opened the possibility for many people to decide on their place of living independently from the location of their working place or clients. Looking for a higher quality of life in terms of lower costs, less pollution and more security, people turned to rural areas. The first to move were those who had the possibility to work remotely. As digital infrastructure improved and virtual reality applications substituted for physical presence, more people followed in the next decade. Many micro rural areas saw their population numbers increase in a dynamic and noticeable way. Favourable conditions for businesses contributed to the creation of jobs and kept particularly young people from leaving; migrants from across the EU and third countries added to the number of people wanting to live in attractive rural environments.

As social cohesion declined, in 2040, the diverse population in rural areas has a little developed sense for local community. A part of the attraction of rural areas was more private space and an

escape from the perceived surveillance and constraints of city life (housing, landscape, urban access regulations).

Wanting to keep the individualised urban lifestyle in the comfort of the rural areas, people care primarily for their own family and friends. Cooperation and collaborations tend to be interest-driven and volatile and there is limited trust in others beyond one's closest social circle.

A 'not-in-my-backyard' attitude is widespread and contributes to tensions among residents, and between residents and policymakers. While newcomers add to rural life with new ideas and initiatives, tensions also emerge when interests and attitudes of newcomers differ too strongly from those of the initial rural population.

In addition, gentrification, increasing land and house prices in combination with growing inequalities tend to lead to the creation of closed communities and "gated villages", followed by segmentation of services and infrastructures.

In 2040, rural areas have close links with several urban centres – many rural residents have personal and work relations in the cities, many of the rural companies' customers are located in urban centres. As some rural areas have become more prosperous and successfully compete for budget, infrastructure, companies' headquarters and production sites, urban centres start feeling the competition.

Rural areas which are able to attract the new population and business activity are those that have specific amenities (natural or other – coastal, cultural etc.). This has increased the divergence between the most prosperous and other rural areas. The more remote and less attractive areas have felt the spill-over effects. Alongside, a more radical counter-urban movement promoted eco-villages in the more remote areas.

Infrastructure

Rural areas in 2040 benefit from a diversity of economic activities. The demand for services and goods provides for job opportunities. Favourable conditions in terms of financing, tax reductions and access to facilities attracted entrepreneurs and small businesses. In 2040, due to the increasing demand and economies of scale, digital infrastructure is in place to accommodate the needs of citizens and businesses from leisure, shopping, and work to automation and production. The widespread availability of the latest broadband and telecommunication infrastructure permits access for everyone, but higher quality or more specialised services can be accessed at a higher price only by those who are willing and able to pay more.

Road transport plays a large role, and citizens favour individual over public transport for its immediate availability and independence. Advanced transport technology is readily taken up - autonomous cars allow a relaxed and fuel-efficient travel outside denser areas, drones deliver services and goods to smaller villages from e.g. the local manufacturing supplier or distribution centre, etc. Public transport infrastructure, accordingly, is not very well developed.

Administrative e-services are the norm, but it is difficult to find one's way among the different local, regional and national government agencies and responsibilities. Systems based on Artificial Intelligence (AI) and digital personal assistants help people navigate the complex regulatory and service systems including social ones. Calls for a better coordination are erupting once in a while, but citizens largely are used to the status quo. E-healthcare is accepted, digital health assistants and monitoring devices support citizens in managing their health and allow seamless medical support, remotely or in a clinic in one of the rural centres.

Rural centres provide the needed local infrastructures from shops, leisure facilities, to bars and restaurants. Online retail and delivery services complement the offer. Smaller villages have their specialised restaurants or other leisure facilities, attracting customers from elsewhere.

Education in 2040 is highly individualised, and follows a hybrid online/physical presence concept. Project-dependent online courses can be booked from any public school in the region, but also from private providers against a fee. Facilities for face-to-face lessons are located in the rural centres.

Land use, agriculture, environment and climate change

With more people moving to rural areas, the rural sprawl with more land used for housing and infrastructure becomes an issue. In many places the expansion of the settlement and commercial areas did not take place in a structured way, resulting in an inefficient land use and difficulties with the existing infrastructure. As the built-up area increases, at the expense of fertile land at the fringes of rural towns and villages, forests, protected areas and nature reserves are increasingly under pressure due to competing commercial or leisure interests.

A diverse farming structure caters for the demand and industry needs. However, the perceived nuisance of noise, water pollution and smell and increasing conflicts have driven most of agriculture further away. Smaller farm businesses respond to local consumer demands for sustainable or specialised products and often sell directly to consumers, and provide educational and social services (i.e. social farming). Their business model focuses as much on production (mostly based on organic, regenerative practices) as on other services it provides – care and therapy; education; entertainment. Larger scale production of food and biomaterials in more remote areas is geared towards national and global markets and the regional biorefineries.

Although a reality with tangible impacts, climate change policy is largely reactive. Most of the policy instruments are economic (investment, loans and grants, trading schemes) and rely on voluntary schemes, with a strong emphasis on technological innovations to adapt and reduce net emissions. The policy focus is on businesses to increase material and energy efficiency, including use of alternative products (e.g. substituting concrete for construction) and closing resource loops. Energy and material consumption is also addressed through economic incentives (subsidies for electric cars and efficiency improvements, gamification, personal carbon trading). The advancement in green and solar technology for renewable energy generation is a major issue for this energy hungry society, as is the advancement of carbon capture and storage technology to tackle climate change. The bioeconomy is developing and new products and technologies are readily taken up if they are economically and functionally competitive.

Businesses advance the environmental and climate performance of their products and services in as far as they perceive business opportunities. Working in a patchwork of different national regulations, and regional variations of implementations, the industry pushes for harmonised rules and standards. While the EU commitments and the diversity of frameworks and approaches in the different regions and the competition allows the development of different solutions and tailored applications, the lack of coordination and sharing of experiences between regional and national levels and policy sectors potentially hinders the use of synergies and slows down the sustainability transition.

5.2.3.2. Rural renewal



Expanding rural areas – Networked multilevel governance

The EU in 2040

The EU in 2040 focuses much of its efforts on the green transition on the way to the goal of climate neutrality by 2050. The Green Deal and NextGenerationEU funds have redirected much of the investments towards green and digital transitions and the Conference on the Future of Europe has paved the way to support governance structures that are more networked and cooperative to quickly align the headline goals with implementation and monitoring. Two decades of subdued economic growth have also refocused the expectations from GDP growth to wellbeing and more dematerialisation of consumption with the degrowth movement gaining strength.

A growing geopolitical instability and the increasing role of the global east and south led to the EU focusing more inwards, limiting its efforts on global issues to those where it leads through example: consistent green diplomacy, strengthening of democracy, international standards. The EU is one of the main actors in international trade in services, which now surpass the trade in goods.

Governance

The coordination of the green transition is one of the overarching aims of the governance systems. The steady growth of deliberative democracy, citizen engagement and co-creation, reinforced by trends towards more transparency and accountability, have led to an open government where public institutions are centres of collective decision-making. Accordingly, the distinctions between governmental and non-governmental actors blur.

Multi-level governance consists of various institutions with overlapping goals and jurisdictions at different geographical and functional levels working together to achieve societal goals, which are set qualitatively in the context of the EU (or globally in some cases) and operationalised at other scales. Digital technologies, such as blockchain and telepresence allow almost immediate access to relevant information and participation in decision-making at all levels. Internet of Things (IoT) and Artificial Intelligence (AI) systems perform preliminary analysis of the processes in the physical world and provide the evidence basis for decision-making.

The combination of large scale EU funds, local taxes (and related public procurement expenditures) as well as concerted private and consumption spending support the transition.

More balanced and integral territorial development strategies led to a situation where rural-rural partnerships have become at least as important as those with urban areas in terms of innovation networks, people and material flows. The cities initiate the links to rural areas to support their own green transition plans.

People

In 2040, a focus on more sustainable living and the disadvantages of high-density cities have strengthened the counter-urbanisation movement with increasing numbers of people moving to the rural areas.

In the 2020s these were either determined professionals, very often with families, intent on starting more sustainable and slower lifestyles or retired people, leveraging their urban property values to move to a more pleasant environment. The post-COVID popularity of remote work as well as the trend of maintaining several different paid activities at the same time and easier access to digitised services (education, healthcare) has removed some of the barriers and increased the speed of immigration from cities. In time, increased opportunities in green jobs, sustainable entrepreneurship and growth of the bioeconomy created next waves of newcomers. Multi-local working and living gained traction.

At the same time, the policy and investment support for green transition has also reshaped rural planning. The new waves of newcomers would find themselves increasingly restrained in terms of building permits, and types of activity with the aim to achieve the goals of sustainability. In 2040, the diversity of the rural society is much higher, but there is a permanent conscious effort in building and maintaining communities.

Social economy organisations are well equipped to revive rural areas, given that they are active in human-centred activities, they have a local anchorage and a long existence in rural areas, and they are participatory, contributing to empowering citizens and communities. They provide services on a local scale in a wide range of areas that can increase residential attractiveness, cohesion and retain local job opportunities, such as local trade, tourism, culture, care and the circular economy.

Infrastructure

Nature-based solutions, small-scale circular economy and sustainable pathways were often easier to implement in the villages and smaller towns than cities, due to access to natural resources and lower population density. In some places, new settlements have been created from scratch such as “regenerative eco-villages” to cater for particular niches (active retired, creative and arts, mountain lovers). Rural areas have become a space of experimentation with various sustainable living, learning and working approaches.

The growing population and the direction of green transition offered a chance for a second opportunity to plan climate-neutral net-zero settlements (waste, water, energy). A more circular economy, shorter supply chains together with development of local micro-factories and small-scale bio-refineries have also transformed the infrastructure needs. Local, community-based, high-quality bioeconomy facilities led to positive effects on rural employment and a reduction in the gap between rural and urban areas.

For local travel, the new spatial planning has limited the need for private car ownership and encouraged community-owned shared alternatives for personal and group mobility (smart mobility pods, hyperscooters, and autonomous robo-vehicles). For longer journeys, autonomous vehicles can be rented. The energy system will be more diversified, with multiple sources of generating clean energy and various storage facilities.

The increased rural population has stimulated the offer of local services in terms of catering and hospitality, customer and leisure services greatly improving the quality of life and further consolidating the community. The retail sector transformed from large supermarkets to smaller shops, as the owners usually connect it with other services and activities they provide, retail activities are also run by micro-factories and 3D printing shops. At the same time, people tend to use various networks for repair, reuse and renting, limiting the needs for purchasing new products.

As public institutions play a large role in the transition management, citizen's interactions with public services are very frequent. Most of the times, this takes place through interactions in wider communities and associations – public institutions are directly involved in most of the initiatives and communities in the area. Procedural and administrative arrangements are conducted digitally by citizens connecting their personal data vault with the system of the service provider where algorithms outline contracts satisfactory to both sides. The contracts are then recorded in a public database.

The role of digitalisation has been mainly to support the transition and community building. Communities own, operate and govern the local wireless mesh networks using open-source and commons software, connected to an ecosystem of other local and global networks.

Land use, agriculture, environment, climate change

Along with developing local circular economy and regenerative approaches, land has become a multifunctional resource focused on the regional scale. The available resources are managed in collaborative governance to create synergies between formerly competing uses of land – combining food, energy, tourism and other demands.

Smaller scale farming is dominant with farm networks following regenerative practices, permaculture and agroforestry, often in community-supported farming models. To scale-up, networks of such farms work together, sharing technologies and ecological practices. Participation in farming activities, whether commercial or for self-provisioning, is one of the multiple jobs for most of the residents.

Climate change adaptation and mitigation measures are focused on behavioural and lifestyle changes (strong reduction of consumption and energy use), as well regulatory (better rural planning, a complex system of permits, climate audits) and collaborative, community solutions. Integrated strategies and climate budgeting make planning easier. Social economy organisations and social enterprises are centred around impact on the community rather than profit maximisation, adopting a stewardship role to resources and encouraging sufficiency.

5.2.3.3. Rural connections



Shrinking rural areas – Networked multilevel governance

The EU in 2040

In 2040, territorial development is shaped by responding to **economic** and **environmental** crises. After several years of focussing on the post-COVID economic recovery, the level of debt of Member States required large restructuring of government spending and cutting back on social policies and public services. Increasing climate change impacts and a continuing degradation of the environment require communities to focus on **resilience** and crisis response. While the EU with its favourable geographic location still fares comparatively well, impacts in other parts of the world cause more frequent harvest failures, resulting in trade interruptions and risks of supply shortages in the EU.

Governance

The successful overcoming of the COVID-19 pandemic and the related economic difficulties strengthened integration at EU level. Regional governments, being closer to the citizens, gained political weight at EU level.

The cuts in public service were partly compensated by increased digitalisation, and use of algorithmic, AI-based decision-making-

Digital applications facilitate citizen participation through virtual communication channels, including across national borders where relevant. In parallel, digital approaches helped strengthening collaboration across all levels and at geographical scale.

The “liquid democracy” system, combining elements of representative and direct democracy, allows selecting representatives at any moment, for a broad or a narrow range of issues. Most people conduct these duties alongside other activities. While political decision-making has become more transparent and deliberative, and decisions can count on broad support, deliberation and compromising between different competing interests takes time and can lead to a slowing-down in decision-making.

With the need to face the climate and environmental challenges and to secure supply of food and fibres, the awareness of the importance of rural areas for these fundamental services increased. In line with a strongly networked policy approach and citizen participation in the processes, integrated local and regional strategies were developed, also across national borders.

The shrinking rural population, though not perceived as a positive development, provided the opportunity to effectively use rural spaces for the benefit of all citizens. Participatory structures were put in place to facilitate a bottom-up strategy development as well as tailored local implementation. Though being a time-intensive process, it resulted in commonly agreed goals and principles for the necessary transformative resilience. Based on a systems approach, local and regional strategies are developed, coordinated, linked to and coordinated with other European regions. The sharing of experiences contributes to a common learning process and respective improvements.

People

After a temporary interest in living in rural areas during and right after the COVID-19 pandemic at the beginning of the 2020ies, urban areas quickly regained their attractiveness as the centres of gravity of economic activities, innovation, opportunities and cultural life. Due to channelling most of the investment in greening the cities and improving the quality of life for its citizens, people continued moving from rural areas to urban centres, resulting in a continuous shrinking and ageing of the rural population. As population numbers and economic activity decline, local budgets decrease and the sovereign debt burden decreases national budgets. It becomes increasingly difficult to maintain smaller villages and hamlets so people start to concentrate around rural hubs.¹⁰¹

While it was a difficult choice for some to leave villages to nature or to convert them into tourist locations, the rural hubs were attractive for newcomers to rural areas as the necessary services including health services were to a large extent available, as well as some jobs in local businesses linked to agriculture and the bioeconomy. In 2040, population numbers in rural areas are stabilised at a low level, with a mix of rural and neo-rural retirees, farmers, entrepreneurs, employees and their families.

Within rural hubs, inhabitants form a tightly knit community to be able to organise themselves in political processes but also to step in where public and private services leave a gap. With participatory structures in place (local councils, legal requirements to involve citizens via citizen panels at regional and local level, also EU level, topic-related local working groups), inhabitants of the rural hubs are actively involved in shaping their community and deploy innovative solutions. Volunteering and time banks, in particular building on the expertise and time of active retirees cater for unmet needs and support the bottom-up organisation of e.g. mobility services, cultural events, social services. A decentralised organisation structure provides for a certain autonomy of the rural hubs in terms of e.g. energy supply, and local decision-making on public budget use.

Rural hubs establish close links with other hubs and urban centres, creating a network that facilitates joint actions, efficient use of infrastructures, shared learning and the creation of synergies. The interdependence of rural and urban regions is recognised and provides the basis for a constructive and trustful cooperation. The fusion of municipalities, following the decline of rural population numbers, allowed for a lean restructuring of administrations.

Infrastructure

Recognising the trend of a shrinking rural population early on, a strategy was jointly developed to manage and facilitate the transition. As part of the rural strategy, priority has been given to digital infrastructure, with the view to facilitate connection and integration, the provision of e-services (for e.g. administration, health, education, finance, culture), and to enable the digitalisation of agriculture and the bioeconomy (e.g. precision farming, automation). A well-maintained road and rail system ensures efficient transport of goods to the cities. Public transport is provided through local on-demand mobility services, organised and co-funded by the rural inhabitants. Private initiatives such as ride-sharing complement the offer.

¹⁰¹ For the purpose of this foresight exercise, a rural hub is meant as a spatial entity gathering rural inhabitants or communities, exchanging and networking according to interest.

In 2040 digitalisation of public services is the norm. Be it a new identity card or any other kind of administrative step, all can be done online and via virtual appointments. Healthcare, in particular monitoring of patients, is carried out remotely. E-health applications are widespread complemented by face-to-face conversations and examinations. The rural hubs, depending on their size, function as a rural health centre, and several hubs that are in the vicinity, organise their health services in a collaborative way.

Rural hubs also collaborate for education services. Following the COVID-19 pandemic, online schooling and tertiary education has been further developed and is combined with physical presence in schooling facilities. These are only located in larger rural hubs, and pupils from other hubs need to commute. Higher education institutions are only located in urban centres.

Rural hubs with their products are linked to the global markets, but overall trade is limited due to sustainability considerations and the preference for domestic products. With a strong re-use and repair culture, rural hubs are part of the circular economy. Maker spaces allow interaction, take-up, adaptation and further development of technologies. The 3D-printing technology enables the on-time local production of many items, reducing transport needs. All these elements support the sense of autonomy, and the Do-It-Yourself approach of the hub community.

Land use, agriculture, environment and climate change

The consolidation trend in agriculture continued and in 2040 large farms determine the sector, geared towards sustainable intensification and complying with stricter environmental standards. Small-scale agriculture has a minor share, but an important role in providing food for self-consumption and the local population. Remote areas and high nature value areas are protected, dedicated to ecosystem and carbon capture services. Scenic locations form part of a network of landscape care arrangements through extensive agriculture and see a temporary population increase in holiday seasons.

As the interest in healthier diets grew with the ageing of the population and a higher share of diet-related diseases, this results in a push towards including also environmental criteria for food products through e.g. price incentives, clear labelling and easy-access information. Agriculture in the EU had to adapt and this, in addition to stricter environmental standards contributed to a reduction of its environmental impact.

With renewed decisiveness and strong support from its citizens the EU pushes for stronger international goals and collaborations, based on renewed commitment and implementation of comprehensive environmental standards and climate change adaptation and mitigation measures at home. The strategies adopted by particular rural hubs focus on maintaining an important share of local, short supply chains to cover consumption. Social solutions, such as market gardens, micro-grids and community solar gardens as well as pooling and sharing resources (reuse, repair, recycle) approaches are popular.

The circular bioeconomy is at the core of the efforts, relying on advanced technology (automation, biotechnologies, digitalisation). Dedicated and protected nature areas and reforestation and rewilding contribute to carbon capture and stopping a further decline of biodiversity in the EU.

5.2.3.4. Rural specialisation



Shrinking rural areas – Fragmented multilevel governance

The EU in 2040

The EU in 2040 focuses much of its efforts on recovery from three decades of low economic growth. Most of the public budget is spent on restructuring economies to benefit from the green and digital transition and to follow consumer demand to generate more economic activity, employment and economic optimism which would lead to a new rebound and more prosperity. The decades of over-promising targets have decreased further the trust in existing public institutions. Different levels of governance are increasingly competing for legitimacy, creating their own “resilience and revitalisation” strategies, programmes and tools.

The growing economic and political role of the global east and south has put high hopes of recovery in efforts to increase Europe’s international competitiveness and tightening the trade ties with various international partners. At the same time, geopolitical instability and the declining role of western institutions has stalled efforts for political cooperation.

Governance

The restructuring, revival and rebound are the overarching aims of the governance systems. Actors at European, national and local levels are putting a lot of effort into the analysis of the situation and actions to be taken in their jurisdiction and areas. The fragmentation of the efforts and funding creates many frictions and incoherencies in implementation. The diffuse political responsibility makes it easy to shift the blame and carry on.

The eroding legitimacy and trust in public institutions has lowered citizens’ involvement in political decisions. Increasing public sector efficiency, seamless service delivery and customer-centric approaches were considered key in regaining citizens’ acceptance. The use of big data, Artificial intelligence (AI) algorithms and user-experience approaches led to a proliferation of targeted apps, social media plug-ins and automated bots which were the main way of interaction with the government.

The decision-makers are a relatively small, professionalised group supported by experts. With growing public debt, governments have to be more frugal with public money, focusing instead on public-private partnerships.

The focus is on those areas, actors and sectors where interventions will be more cost-effective, scalable and with highest success rates. Thus, much of the support goes to big cities and large “champion companies” or unicorn start-ups, which are expected to kick-start the new prosperity.

People

With declining EU rural population and aging, less economic and social opportunities for growth and minimal public support, most of the people moved to urban centres. As the process of depopulation accelerated, the breaking down of social fabric and diminishing quality of life pushed others to also re-join their families and friends who had left earlier.

The few who remain in rural areas are dispersed. These are mostly people who lacked alternatives, chose to stay or willingly wanted to live “outside the grid”. Most of the other people are either commuters from urban areas – including those supervising farms and other large

energy and production facilities or seasonal workers in the recreation, health and “edutainment villages” (combining education and entertainment) providing services to tourists.

With a shrinking and unorganised rural population left, rural policy is mostly made in urban centres in function of their needs for food, natural resources, leisure etc. The cities themselves had to transform. Increased population, and societal demands for reducing environmental and climate impacts meant that the availability of food and natural resources have become a prime concern. Their strategy is to secure the availability of resources in the region, and cooperation with private companies that could supply large populations.

Infrastructure

The consolidation of land through the purchases of large corporations, investment funds and trusts, has left the practical management of the resources in the hands of private actors. These usually build large, automated facilities (farms, renewable energy installations, smart factories) or manage very large land parcels for other uses (forestry, wilderness, recreation parks).

The infrastructure tends to be centralised, connecting the cities with particular facilities. There are two parallel communication and infrastructure systems. One is mostly for tourist and recreation movements, based on fast trains leading straight to leisure and recreation centres. Another, industry-focused system for resource extraction and processing, connects facilities, cities and major ports through freight trains. Occasional other travels (maintenance workers etc.) are usually done by air transport (e.g. passenger drones).

The large renewable energy facilities (hydro, as well as solar and wind farms) are connected in a European smart grid, which optimises the supply and demand for energy.

Land use, agriculture, environment, climate change

Land tenure reforms and privatisation led to consolidation of land and specialisation of land-use. There are competing interests for land-use. The growing cities look for resources in their broad surroundings to build a regional circular economy, sustain food and energy networks and increase the wellbeing of city-dwellers. National and European institutions want to optimise land-use in their own respective scales to reach particular climate, economic and environmental goals. The corporations have a global outlook – looking for the best land for their activities. At the same time, due to lower demographic pressure, some land is abandoned in less favourable areas. This all points to the importance of land management.

As most of the activities in rural areas are large-scale, they permit considerable economies of scale, efficiency gains and quick adaptation and streamlining of production processes. Sustainable intensification in agriculture and forestry allows for increased production in a more resource-efficient way and using less environmentally harmful processes. Large, mostly automated, farms are owned by corporations with integrated food and bio-based products processing. Controlled-environment, vertical farming units – the farm factories – are developing quickly in the peripheries of the cities. Smaller farms also remain, especially in less favoured regions, for providing local food. The co-existence of various types and scales of farming needs to be addressed.

Conservation strategies focus on the preservation of specific ecosystems, creating increasing targets for the percentage of areas that are protected, as well as re-wilding of areas previously used for agriculture on less productive land.

In terms of climate mitigation and adaptation, most of the solutions focus on regulatory solutions with many different binding targets and standards set at different levels of governance (from

world-wide to local) and economic instruments focusing on large companies managing large areas of land (infrastructure investments, feed-in tariffs for renewables, loans and trading schemes). Large-scale technology-based interventions are favoured, such as massive afforestation with bioengineered trees and carbon capture technologies, restoration and adaptation of natural habitats etc... For adaptation, insurance and financial tools, such as weather derivatives, are developed. With more flexibility in land management, geoengineering ideas are gaining ground.

5.3. Insights from European research and innovation projects

The EU research and innovation (R&I) framework programme (FP) has funded a number of projects that undertook participatory foresight activities, scenario building and vision development, hence providing relevant insights for the EU rural vision. These include four on-going projects funded under the Horizon 2020 work programme 2018-2020 through calls targeted at building modern rural policies on long-term visions and societal engagement¹⁰²:

- RURALIZATION and POLIRURAL, that look at generational renewal in rural areas, with special attention to newcomers and new entrants into farming; most relevant outputs include literature reviews, analysis of drivers and trends and exploring the rural dreams of young people for the future;
- DESIRA that looks at the long-term socio-economic impacts of digital transformation in both rural areas and farming; relevant inputs include an analysis of trends;
- SHERPA that coordinates science-society-policy interfaces on issues of interest to rural policy makers and rural communities: relevant inputs include an overview of previous foresight analyses, a discussion paper summarising trends and a position paper synthesising the work of 21 multi-actor platforms (MAPs)¹⁰³ in 20 countries.

In addition, a number of on-going Horizon 2020 projects can bring elements of interest such as **vision papers** they developed on selected themes or in specific types of areas (e.g. RURITAGE on cultural heritage and COASTAL on land-sea interactions), **scenarios** on topics (e.g. IMAJINE on spatial justice, SALSA on small farms). Finally, some projects funded under previous EU R&I framework programmes produced results that are still relevant to inform the development of the EU rural vision because of their scope (FARO-EU) or time horizon (VOLANTE).

¹⁰² European Commission/SEIDA, *Building modern rural policies on long-term vision and societal engagement*, Funding & tender opportunities. <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/topic-details/rur-01-2018-2019:https>

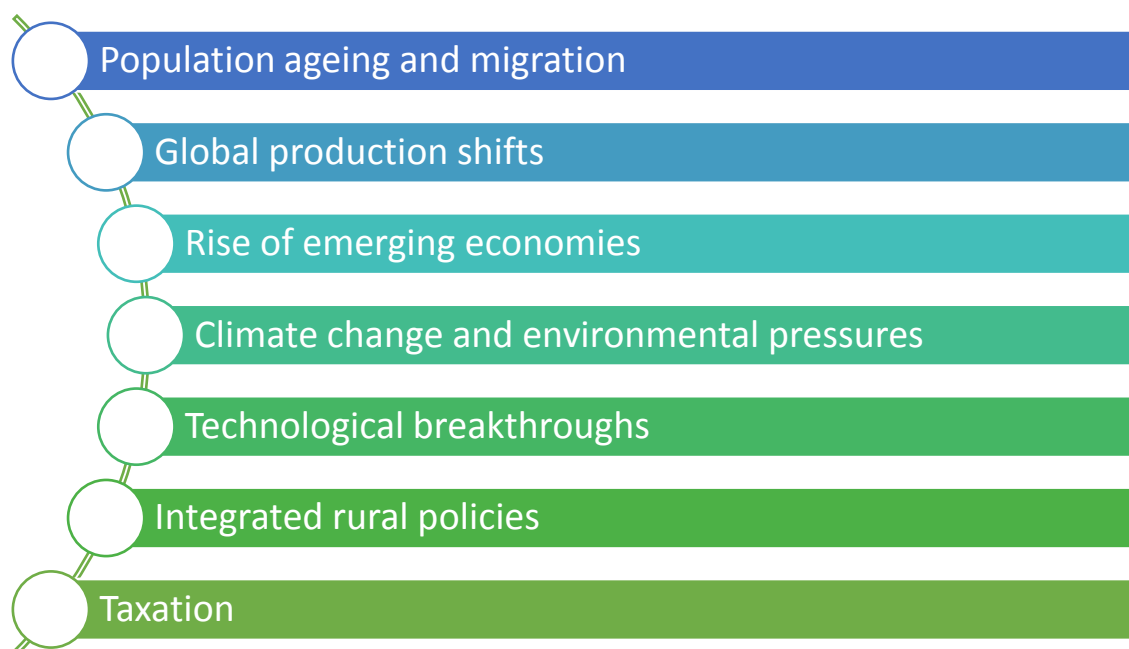
European Commission/SEIDA, *Socio-economic impacts of digitisation of agriculture and rural areas*, Funding & tender opportunities. <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/topic-details/rur-02-2018>

¹⁰³ SHERPA, *Multi-Actor Platforms (MAPS)*. <https://rural-interfaces.eu/multi-actor-platforms/>

5.3.1. Drivers and trends analysis

SHERPA built an overview of previous foresight exercises¹⁰⁴ and summarised in a discussion paper¹⁰⁵ elements on trends on seven themes, shown in (Figure 68).

Figure 68 Most important trends for rural areas



Source: Sherpa

RURALIZATION extracted from the analysis of 1560 trends observations, 60 trends that are most likely to shape the future of rural areas, including 10 mega-trends, 20 trends and 30 weak signals.¹⁰⁶ An analysis per sector found that **unequal development and inequality** was the most frequently identified influential trend in the case of all four economic sectors (primary production, manufacturing, private services and public services), followed by **rural decline**, **migration patterns** and **ageing** for all but primary production. Other top trends affecting the primary sector included for example, **farm size**, **diversification vs. specialisation** of farms and practice-oriented food systems (e.g. organic farming). Other top trends affecting manufacturing were **climate change**, resource competition and infrastructure. **Digital economy** ranked high among trends affecting private services alongside several demographic trends reflecting how strongly private services depend on the population base and purchasing power. **Rural hubs** and

¹⁰⁴ Brunori, G., et al., *Overview of a sample of existing foresight and scenario studies carried out at EU and global levels*, SHERPA, 2020. [SHERPA-Overview-foresight-document compressed.pdf \(rural-interfaces.eu\)](#)

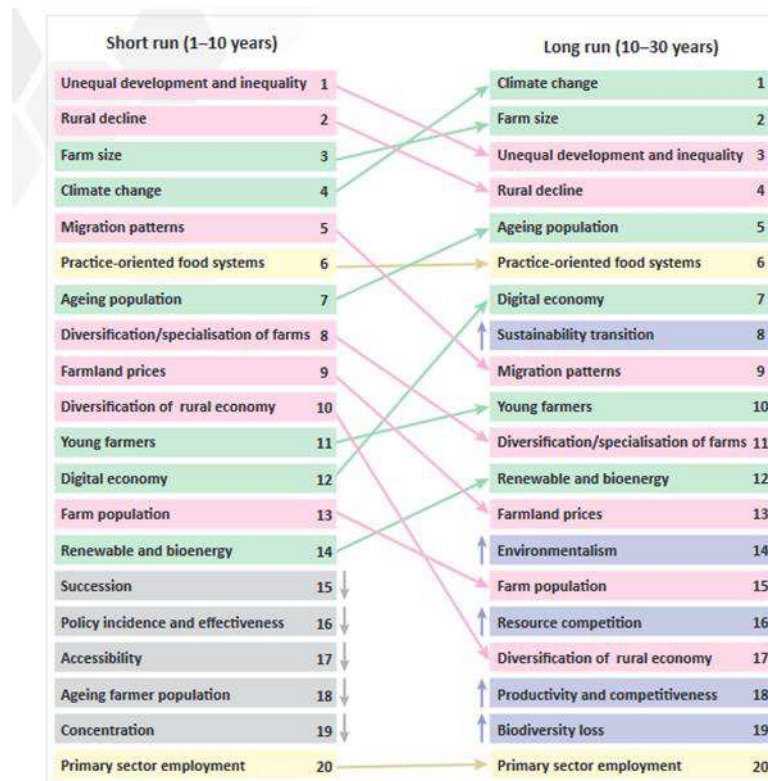
¹⁰⁵ Feret, S. et al., *Long-term vision for rural areas: contributions from 20 multi-actor platforms*, SHERPA discussion paper, SHERPA, 2020.

¹⁰⁶ Kuhmonen T., Ahlmeyer F., Dołzblasz S., et al., *Trend analysis: summary report and trend database*, RURALIZATION - Horizon 2020, 2021.

creative economy were among the top-20 trends only for the private services sector. Trends relating to **policy and governance rank highest** in the public services sector compared to others. **Community-based action** and **accessibility** were found in the top-20 list only in the case of public services.

The project also analysed how the significance of trends evolves when looking at the short-run or the long-run (Figure 69). New trends appear in the top-20 list in the long-run: **sustainability transition, environmentalism, resource competition, productivity and competitiveness** and **biodiversity loss**.

Figure 69 Most significant short run trends and long run trends



Most significant trends (top-20) in the short run (1-10 year) and in the long run (10-30 years) based on the frequency ranking of trends that were assessed to have 'high significance' for rural areas

The analysis of **drivers** behind these trends by sector revealed that the **dominant driver for all economic sectors is globalisation**. A number of other drivers have a significant impact on primary production: ecological awareness, climate change, increasing farm size and decreasing farm numbers. Other top drivers affecting manufacturing, private and public services include **market liberalisation, demographic change, industrialisation** and **digitalisation**. **Urbanisation** and the **internet** are most significant for private services.

RURALIZATION also analysed the impacts of the trends between **various types of rural areas** (within functional urban areas, in urban proximity or remote). They found that positive impacts mostly relate to rural economic growth and diversification (e.g. rising demand for 'local' products), facilitating migration into rural areas, protecting the rural environment and, finally, supporting equality and inclusiveness of rural societies. The profile of impacts is quite similar between the different types of rural areas, with food related trends being slightly more impactful in rural areas close to cities (e.g. prosumerism) and economy and population related trends being

more important in remote areas. In the latter regions, positive impacts are mostly linked to the entry of new inhabitants, new or better services, halting rural decline and preserving activities. On the negative side, again the impact are quite similar, with negative impacts related to the environment ranking higher in rural areas within functional urban areas, whereas negative impacts related to economy are most common in remote rural areas.

When looking in more detail, one can however find a relatively high differentiation. A tendency to cut public spending in disfavour of the rural, enhanced depopulation, deficiencies in services and infrastructures, increased transaction and reorganisation costs and the role of regulation rather than markets in guiding production are examples of impacts that the project finds to be more common in remote rural areas than in urbanised areas. **The analysis concludes that all three types of areas can harness trends such as sustainability transition, cooperation and networks, lifestyle and governance to overcome negative impacts of other trends**, with a more challenging situation for remote rural areas and areas outside of a functional urban area.

POLIRURAL analysed 64 drivers of change using the STEEPV¹⁰⁷ methodology. They identified as main drivers the **impact of the COVID-19 pandemic**, the related **counter-flow of people from urban to rural areas**, the **impact of climate change on the economy** (including the integration of farming in the carbon economy), future policies (in particular the Green Deal and the new CAP delivery model), and finally **activism and interest in the cooperative economy**.¹⁰⁸ This latter point echoes the identification by ROBUST, through its qualitative analysis of rural-urban relations, of a growing interest at local or regional levels for **new approaches of economy that provide social and environmental benefits on par with economic benefits**. They also observed changes in rural-urban relations as a result of COVID-19 pandemic.

In their report on digital game changers¹⁰⁹, DESIRA experts found that the four technologies with the largest potential to bring change and contribute to build desirable futures in rural areas by 2040 are i) **data and analytics** (big data); ii) **artificial intelligence**; iii) **local and remote sensing**; and iv) **websites and online platforms**.. They found out that **websites and online platforms** will be particularly relevant for infrastructure and services, the availability, affordability and quality of digital technologies and providing income and jobs. **Social media and social networks** could have a strong effect (positive or negative) in facilitating social inclusion and vitality. In the domain of **infrastructure and services** (health, education, housing, transport), the influence of a wider variety of technologies is observed, such as Blockchain or other certification or traceability services; augmented reality, virtual reality and 3D printing, artificial intelligence (AI); and autonomous systems. Finally, experts identified technologies such as data and analytics (Big data), local and remote sensing and artificial intelligence (AI) as those most likely to change the game in relation to climate change and environment.

In their report on anticipatory futures of modern rural economies, RUBIZMO experts identified three emerging opportunities to seize to develop modern rural economies:

- the use of **new information and communication technology**,

¹⁰⁷ STEEPV: Society, technology, economy, environment, politics and values.

¹⁰⁸ POLIRURAL, *An inventory of STEEPV drivers of change*, POLIRURAL Horizon 2020, 2021.

¹⁰⁹ Brunori G., Nieto E., Casares B., et al., *Expert's recommendations to boost sustainable digitalisation of agriculture, forestry and rural areas by 2040*, DESIRA, Horizon 2020, 2021.

- knowledge exchange, and service delivery, the **development of the bioeconomy based on renewable resources**, which brings the potential to create a bio-industry with a strong rural base, and
- the **activation and valorisation of ecosystem services** for the protection and improvement of the environment and its use for touristic activities.¹¹⁰

SURE-FARM assessed the impacts of future scenarios on the **resilience** of farming systems across the EU, including on the link between farming resilience and the attractiveness of rural areas. Resilience is described as the capacity to withstand shocks (robustness), adapt to shocks with minimal changes (adaptability) or significantly change the systems logic (transformability).¹¹¹ They concluded that most farming systems are close or beyond critical thresholds that require important transformation.¹¹²

5.3.1.1. Scenarios in research projects

Although not recent, the project FARO-EU “Foresight analysis of rural areas of Europe” (2007-2009) is worth mentioning because of its scope. The research team developed two scenarios with 2030 as a time horizon, policy as the main driver and “public intervention” vs “market liberalisation” as extremes. Both scenarios showed the potential for positive or negative outcomes for rural areas, with more positives for the public intervention scenario and more negatives for market liberalisation. Key concluding messages included that non-agricultural trends in rural areas appear more relevant in shaping rural futures than agricultural processes. The project focused its policy recommendations on the **need for place-based and tailored policies**.¹¹³

SHERPA has reviewed ten foresight studies¹¹⁴, three of which looked at **demography** and **democracy** drivers together (WEF, ESPAS, EDORA), with 2030 as a time horizon. The review focuses on 17 scenarios developed at the time of publication.

Two projects, SALSA and TRANSMANGO developed scenarios focused on agri-food. SALSA’s scenarios (business as usual; mirror; enabling; and disrupting) aimed at assessing the **role of small farmers in regional food systems by 2050** and were structured around several drivers shaping more constraining or enabling environments for small operators, including openness to international markets and concentration of value chains and legal requirements.¹¹⁵ The “enabling” scenario which combines a limited concentration of value chains and flexible

¹¹⁰ Schiefer G., *Anticipated futures for modern rural economies*, RUBIZMO - Horizon 2020, 2018.

¹¹¹ SURE Farm, Resilience Framework. <https://www.surefarmproject.eu/about/resilience-framework/>

¹¹² Accatino F., *Impacts of future scenarios on the resilience of farming systems across the EU assessed with quantitative and qualitative methods*, SUREFARM, Horizon 2020, 2020.

¹¹³ FARO-EU consortium, *The ruralities of EU 27: Main findings and policy considerations of the FARO-EU project*, 2010.

¹¹⁴ Brunori, G., et al., *Overview of a sample of existing foresight and scenario studies carried out at EU and global levels*, SHERPA, 2020.

¹¹⁵ Arnalte-Mur L., P. et al.,. *Synthesis report on the future potential role of small farms in FNS in Europe and African 2030 and 2050: results of a foresight assessment*, SALSA, Deliverable 4.2, 2019. http://www.salsa.uevora.pt/wp-content/uploads/2020/02/D4.2_participatory_foresight_feb20.pdf

legal requirements is the most favourable to rural prosperity. The scenario analysis highlighted that even under the most unfavourable conditions for them, small farmers and food businesses can retain a significant role in securing food supply to a minority of vulnerable groups. It also highlighted that the role of these small operators goes beyond food security and is closely linked to the preservation of rural landscapes, environmental services and the **support to employment and rural communities**. It also highlighted the role of collective action and cooperation in seizing opportunities and overcoming threats.

TRANSMANGO's four scenarios were used to assess the **impact of global drivers on EU and global food production and consumption**. One of the four entitled "the price of health" scenario sees people moving back to rural lives as a result of necessity, changing norms and values, improved connections and strong government policies on sustainability and self-reliance.

VOLANTE 'visions of land-use transitions in Europe' produced a scenario framework for interpreting and refining storylines for land use change at the European scale by 2040 (cf. visions) structured around two axes: **willingness vs reluctance to change to more sustainable lifestyles** and **globalised or regionalised world** with respectively weak or strong public intervention. Globalisation is seen as favouring more intensive land-use and greater territorial inequalities.

The ESPON project 'European Development Opportunities for Rural Areas' (EDORA) considered **climate change** as the most important driver and developed four scenarios structured by two axes, speed of the response to climate change (rapid vs gradual) and levels of state support (high vs low). They suggested that increasing spatial differentiation is principally a consequence of **localised differences in the capacity to respond to external drivers**, highlighting the need for capacity building in communities.

Finally, SHERPA's review refers to the meta-analysis carried out by LEI Wageningen on alternative futures of rural areas¹¹⁶, that stressed the need to take into account not only varying levels of policy interventions, as most scenarios do, but also the likeliness of disruptive events that may act as real **game changers**.

Most recently, the project IMAJINE developed scenario sketches of future visions for European spatial justice. The scenarios take 2048 as a time horizon and are structured considering two factors: "**What degree of solidarity vs autonomy is shown within the European Union?**" and "**What is the prevailing goal of European society, economic prosperity or wellbeing?**" Territorial inequalities tend to decrease at least in some regions under both scenarios in which solidarity is high, and even more where **well-being is the prevailing goal**. Territorial inequalities intensify under the "*autonomy and economic prosperity*" scenario while outcomes are more variable under the "*autonomy and well-being*" scenario as a result of increased local variations which can see a village and a metropolitan area thrive when others decline.¹¹⁷

The project RELOCAL also developed scenario work across its 33 case studies analysing the likelihood of certain outcomes depending on a multiplicity of factors. Types of spatial inequalities analysed include "territorial disadvantage" and "disempowered places". The project

¹¹⁶ Jansson K.M., Terluin, I.J., *Alternative futures of rural areas in the EU: a comparative analysis of scenario studies*, European association of agricultural economists, 113th Seminar, Belgrade, 2009.

¹¹⁷ Finch M., *Scenario sketches for IMAJINE*, IMAJINE -Horizon 2020, 2020. <http://imajine-project.eu/2020/09/07/scenario-sketches-for-imajine-future-visions-for-european-spatial-justice/>

found **demography** factors to be the most important for territorially disadvantaged places while **policy factors** are the most important for disempowered places.¹¹⁸

From the specific perspective of land-sea interactions, the COASTAL project built three thematic narratives from participatory activities involving six local cross-sectoral multi-actor labs: “**people and nature**”, “**governance and cooperation**” and “**circular economy**” and identified 13 transition pathways each applying to one of the four strategic sectors: farming, energy, tourism and maritime activities. **Transition pathways for each sector vary depending on the shared goal that is chosen.**¹¹⁹

5.3.2. Visions & enablers

The SHERPA project elaborated a vision using a participatory process (April- December, 2020) involving 20 local multi-actor platforms (MAPs)¹²⁰ in 20 countries and one EU-level multi-actor platform¹²¹, each composed of 10-15 representatives from civil society, policy making and research. People were invited to formulate their vision for a desirable future and then to reflect on enabling factors. The latter were prioritised through a survey of over 1000 rural stakeholders. The resulting position paper¹²² is informative despite caveats on the representative character of the group of participants. This paper draws together common elements that would characterise a desirable future for rural areas by 2040 from the 21 individual visions:

- Rural areas are **digitalised and smart**
- Rural **economies are diverse, well-connected, valued and circular**
- **Climate, environment and biodiversity** are nurtured
- Rural communities are **well-connected** through **improved infrastructure and services**
- **Social capital is strong** through stable demographic structures
- People are **involved in the governance of their territory, thanks to inclusive governance, better rural-urban connections and a revalorisation of the role of rural areas.**
- Knowledge and data empower a better understanding and **positive image** of rural areas

The paper insists that future rural areas should have **powerful local communities**. They should be **appealing to live in, visit and work**. They should be **attractive in their own right**, with a **high quality of life** and they should be **attentive to climate and nature**.

¹¹⁸ Simone P. et al., *Trajectories of spatial justice and actions to achieve it across Europe*, RELOCAL – HORIZON, 2020. https://relocal.eu/wp-content/uploads/2020/07/RELOCAL_D8.3_020720.pdf

¹¹⁹ Akinsete E., Guittard A., Depoorter M., *Coastal-rural generic scenarios and transition pathways*, Deliverable 18, COASTAL - Horizon 2020, 2020.

¹²⁰ Multi-actor platforms (MAPs) <https://rural-interfaces.eu/multi-actor-platforms/>

¹²¹ EU-level multi-actor platform <https://rural-interfaces.eu/eu-map/>

¹²² Chartier, O. et al., *Long-Term Vision for Rural Areas: Contribution from SHERPA science-society-policy platforms*. SHERPA Position Paper. 2021. https://rural-interfaces.eu/wp-content/uploads/2021/02/SHERPA_PositionPaper-LTVRA.pdf.

The enabling factors to reach this vision most frequently selected by the MAPs were “*Empowering local actors and communities*” and “*enhancing multi-level and territorial governance*” (18/20), followed by “*enhancing smart ruralities and digitalisation*” (16/20). Other important enablers included improved “*data and knowledge*” (12/20), “*shift in production and diversification of the rural economy*” (11/20), “*more accessible infrastructure and basic services*” and “*better climate change and environmental services policies and practices*” (9/20 each).

The RURALIZATION project, from its perspective on generational renewal and rural newcomers also worked on a project for a vision, in which the narrative of rural decline is turned into a “ruralisation” process of mutually reinforcing elements that leads to a paradigm shift in rural society, economy and culture. In their vision, this change was prompted by a new attention to the countryside in an era of multiple crises, in which i) rural areas, because of their peripherality, were the places where new answers could emerge; ii) society was drawn to “*rethink community and reappraise the basis for life which is air, water and soil.*” **Regeneration, resilience, innovation, capital** frameworks (financial, social, cultural, natural, human and built) came out as key enablers.¹²³

RURALIZATION also explored visions from young people through an inventory of the future dreams of 2200 urban and rural young people in 12 countries. This work demonstrated that a significant number of young people see themselves living elsewhere in 2035, with a potential for all rural areas, in particular those close to cities and rural remote areas, to attract more residents. Rural villages that are neither close to a city nor with the natural amenities of remote areas would lose, as would city centres and city areas. One third of respondents said COVID-19 impacted their answers.¹²⁴

¹²³ RURALIZATION, *Long Term Rural Vision: ENRD Thematic Group*, 2021. https://enrd.ec.europa.eu/sites/default/files/ltvra_meeting_3_-_enrd_-_maura_farrell_-_ruralization_jan_2021.pdf

¹²⁴ Kuhmonen, T., Ruuska, P., Skrzypczyński, R., *Inventory of futures dreams by the youth: summary report*, RURALIZATION D4.3, 2021, https://ruralization.eu/wp-content/uploads/2021/03/RURALIZATION_D4.3_Dream-inventory_summary-report_v1.0-1.pdf

5.4. ELEMENTS FOR THE EU VISION AND PATH TOWARDS 2040

All building blocks (consultation, analysis and foresight) point to the importance of **human** factors and **governance**, as well as **socio-economic** and **natural** environments. Lessons drawn from the COVID-19 pandemic also have to remain on the radar for the way forward up to 2040.

Resilience is the new compass for post-COVID-19 pandemic and long-term recovery. The first EC Strategic Foresight Report defines resilience as the “ability not only to withstand and cope with challenges but also to undergo transitions in a **sustainable, fair** and **democratic** manner”¹²⁵. The report launches a forward-looking assessment of resilience in the EU, based on four dimensions (geo-political, social & economic, green and digital). While there is common ground with sustainable development, resilience also encompasses dynamic elements about recovery, highlighting the green and digital transition, but also fairness and democracy. This resonates well with insights that came out of the participatory foresight for preparation of the vision.

Beyond the recovery, a key aspiration as we move towards 2040 is that rural areas and communities can bounce forward on a more sustainable path, and remain **resilient** over the long-term. Along with the dimensions of **sustainable** development, and adding the element related to **democracy** and **innovation**, in line with resilience, the next section proposes stepping stones for the vision.

5.4.1. Green dimension

Rural areas have great potential as the principal source of natural **resources** and **eco-system services**, essential to achieving the green transition that society needs, including fulfilling the 17 Sustainable Development Goals (**SDGs**) and the targets of the **Green Deal**. In this respect, they provide local solutions to global challenges.

A common goal identified by stakeholders from across the EU, and towards which all pathways should lead, is that of rural areas as flourishing sources of nature, providing a high quality habitat for all species, including humans, in a sustainable and climate-neutral environment.

Many of the policies constituting the Green Deal, with its EU climate neutrality target by 2050, concern rural areas and will influence the activities undertaken, the way land is used, how our food is produced, and the daily lives of rural citizens.

The green transition means that new **opportunities** are emerging, with associated jobs and benefits for rural communities. The demand for renewable energy is increasing and nature-based solutions, sustainable forest management, rewilding, changes in farming systems and appropriate management of protected habitats, water resources, carbon rich soil and wetlands can provide both environmental and economic benefits. Rural communities are well-placed to develop and implement innovative bio-based businesses and facilities and become actors of the circular economy. Bio-refineries could become key transforming industrial facilities towards a climate-neutral Europe 2050, especially in rural areas where bio-based feedstock is abundant and bio-refineries usually located.¹²⁶

¹²⁵ Manca, A.R., Benczur, P., and Giovannini, E., *Building a scientific narrative towards a more resilient EU society*, Part 1: a Conceptual Framework, 2017.

¹²⁶ See Baldoni E., et al., *Chemical and material biorefineries in the EU*, Publications Office of the European Union, 2021.

A successful green transition requires identifying and promoting win-win solutions that maintain and enhance natural capital without exploitation or degradation, whilst generating economic opportunities.

At the same time, some current rural activities face additional **challenges**. GHG emissions from agriculture must fall, fertiliser and pesticide use needs to decrease, whereby food production has to adapt to consumer needs for healthier diets. On the basis of current assessments and projections this will require significant changes in farming practice and consumer habits. Moreover, the shift to a climate neutral mobility will be costly for people living in remote rural areas.

Hence, the path enabling to achieve climate neutrality and to enhance biodiversity must be **fair**, taking due account of the needs of rural communities, and ensuring that rural citizens do not bear a disproportionate share of the costs of the transition. Achieving this will also require innovative approaches, including developing social capital and community-based solutions.

5.4.2. Social and economic elements

In an age of change, **fairer** society means “that those who share the same aspirations have the same opportunities to fulfil them”¹²⁷. The transition of rural areas needs to strengthen inclusion and equality.

Economic **recovery** in rural areas close to cities can give a good base for further development through higher in-migration based on a higher well-being.¹²⁸ Welcoming newcomers, such as migrants and people from urban areas, in these areas is essential. In more remote areas investing in quality and inclusive early childhood education and long-term care services and schools, access to healthcare, nutrition and decent housing can help break the negative development patterns by 2040, also in line with the European Child Guarantee¹²⁹.

Rural **women** more often bear a disproportionate burden of the COVID-19 pandemic¹³⁰ not only as healthcare workers, but also due to care of out-of-school children and the sick or elderly relatives, the reduction in economic opportunities, the reduction in women’s reproductive and health services, and increases in domestic violence. Next to this in many rural sectors, women are under-represented.

Ageing trends will also challenge fairness and a just transition. Pensions or other benefits could become a key source of income for a majority of Europeans also in rural areas, while improved longevity and the digital transformation could also allow people to work for longer in rural areas.

Although we see **young** people as the future, rural youth often find only low wage, temporary and non-standard jobs and have access to limited cultural or recreation possibilities as compared

¹²⁷ COM (2020) 14, Communication A Strong Social Europe for just transitions.

¹²⁸ OECD, *Rural Well-being*, 2020.

¹²⁹ COM(2021)137 Proposal for a Council Recommendation Establishing a European Child Guarantee.

¹³⁰ FAO Briefing, *COVID-19 and rural poverty: Supporting and protecting the rural poor in times of pandemic*, Policy, 2020. www.fao.org/publications/card/en/c/CA8824EN

to their peers who live in cities. Young people with disabilities, those with an immigrant background and young parents are at an even greater risk of falling behind.

Inclusion and **non-discrimination** (for instance vis à vis Roma people) are also key elements of fairness.

All this can be summarised into a fair aspiration: inclusive communities of inter-generational solidarity and renewal, open to newcomers and fostering equal opportunities.

Moreover, to enable rural areas to be more **prosperous** as they move along a **balanced territorial development** path, their specific potential needs to be unlocked, seizing more economic opportunities. This includes providing **goods** and **services** for the wider society and retaining a fair share of the **value** generated in rural areas. **Agriculture** and **food** production will still ensure the basis of food security and nutrition, but further value could be added, including as part of more sustainable food systems and of the broader sustainable **bioeconomy and the circular economy**. Further **diversifying** economic activities, via smart specialisation strategies, building on each rural area's specific assets, can improve livelihoods.

Beyond prosperity, **well-being** reflects the aspiration to live and work-well together and to enjoy a high **quality of life**, hence some common ground with the green dimension of resilience.

5.4.3. Connectivity (digital/mobility)

Rural areas, independently on whether they are remote or close to the cities, should be fully equipped with efficient and affordable public and private **services** (such as education, health, other social and economic needs). To meet transport and mobility needs of all European citizens, including in rural areas, a better integrated and seamless transport system for people and freight must be developed and implemented¹³¹. Rural areas should also benefit from **digital innovation** with equal access to emerging technologies. This is key to make them attractive places for newcomers to settle and for youth and families to stay. All this can be summarised into '**connected rural areas**' that encompasses not only the imperative of sufficient hard **infrastructures**, like roads, railways and broadband, but also the **rural-urban** linkages.

Such inter-connections are also key enablers for **innovation**, both technical and social. Therefore, beyond the digital transition, broader innovation matters. Finally connected pertains to new ways of **living, working** and **learning**.

5.4.4. Democracy/governance

While resilience implies a fair and democratic transition, this boils down to the idea of **empowerment**, which came out strongly from all participatory processes for the vision.

Empowered communities are enabled to determine their own development path. This requires an appropriate **governance** system, promoting subsidiarity, connected and coordinated across the different levels (EU, national, regional, local), where the voice of rural communities carries weight. This echoes the role of networking, as highlighted within the driver on "multi-level governance" used in the scenario axes. It encompasses networking within and between local rural communities and beyond.

¹³¹ the Mobility4EU project developed 4 future scenarios: <https://www.mobility4eu.eu/project/>

Involving local citizens and a broad range of stakeholders as well as all levels of governance is key in developing tailor-made, place-based and integrated solutions. Stakeholders also identified the need for training, so that people become more **skilled** and **innovative**, co-creating technological, ecological and social progress. Empowerment should help to move from a geography of discontent¹³² into a “**geography of opportunities**”¹³³.

To summarise, empowered rural areas and communities are **stronger**.

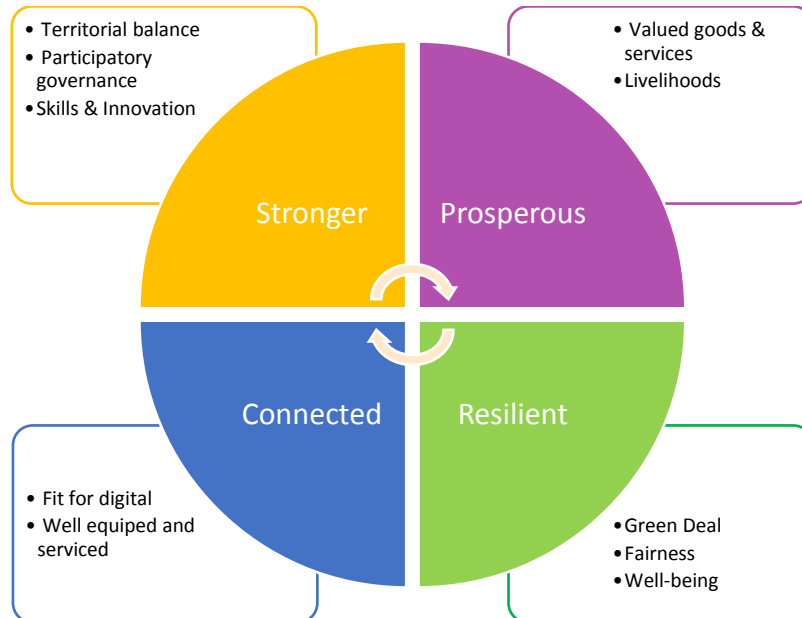
5.4.5. Mutually supportive stepping stones

In an attempt to capture the wealth of contributions, the keywords for the vision from, by and for rural areas and communities can be summarised as:

resilient
prosperous
connected
stronger

These keywords can offer stepping stones for building the EU vision. They are mutually supportive, as there is **common ground** across the above-mentioned dimensions and some issues, such as innovation, are cross-cutting. Based on the four strands, Figure 70 further summarises key **goals** stemming from the participatory approaches.

Figure 70 Proposed goals for the EU vision



¹³² Dijkstra, L., Poleman H., Rodriguez-Psoe A., *The geography of EU discontent*, Working paper 12/2018. https://ec.europa.eu/regional_policy/sources/docgener/work/2018_02_geog_discontent.pdf

¹³³ OECD, *Rural Well-being*, 2020.

5.4.6. Conclusion

Each rural area is **unique**, in its current and future situation, its resources and the concerns of its communities. The chosen path of each territory towards a more resilient future will therefore be unique. However, participatory processes showed that there are **common aspirations**, which stretch across frontiers, languages and local specificities, and it is these that the rural vision seeks to support.

Beyond the **diversity** of rural areas, which is an asset for resilience, these aspirations reflect the **common ground** in enabling factors and can build a narrative for a common European vision. They converge with all of the six EU **priorities** (Figure 71), and accordingly an EU wide cooperation can **add value** to reach goals and priorities. Therefore, as part of the vision, **shared goals** are proposed.

Figure 71 Rural areas at the heart of EU priorities

