

The End of EU Rural Development Policy As We Know It?

La fin de la politique de développement rural de l'Union européenne telle que nous la connaissons?

Das Ende der EU-Politik, zur Entwicklung des ländlichen Raums, wie wir sie kennen?



point de vue

by
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Introduction

When the European Commission unveiled its much-anticipated proposals for the funding period 2028–2034 in 2025, some of the worst fears among supporters of the current Common Agricultural Policy (CAP) seemed to have come true. New and emerging EU competencies would draw a larger share of the EU budget, while the CAP funds would decline. A single National and Regional Partnership Fund (NRPF) would merge several currently autonomous funds, including the CAP. Member States would receive even more discretion on how to spend EU money, which would subject EU-funded support for agriculture and rural areas to distributional conflicts at national level. To alleviate the fears among those who support the current CAP regime, the Commission was quick to point out that 300 billion Euros in the NRPF were ringfenced for farmers' income support and that Member States would be able to preserve or even increase CAP funding at national level if they wished to do so. Many questions remain, however. A crucial one concerns rural development policy in a narrow sense, meaning the instruments to support regional and local development in rural areas beyond the agricultural sector. What implications do the proposals hold for the future direction of this policy?

Rural development policy as part of the CAP

For the last 25 years, rural development policy was part of the CAP, more specifically its second pillar that constitutes the European Agricultural Fund for Rural Development (EAFRD). There were past attempts to establish rural development as a horizontal issue, for instance through cross-fund coordination and impact assessment (rural proofing), but the current heart of EU rural development policy is still the funding provided through the CAP. However, this fund is not solely dedicated to rural development in a narrow sense as funding flows predominantly into agricultural investments and agri-environment-climate measures. Indeed, the national CAP plans submitted for the current funding period saw rural development at roughly 12 per cent of spending in the second pillar, which amounts to only 4 per cent of the total CAP spending (Becker *et al.*, 2022). Figure 1 shows the relative importance of rural development spending per Member State. Still, the CAP is currently the only instrument with an explicit focus on the development of rural areas. It offers funding opportunities for areas like village development, local infrastructure, basic services and territorial cooperation. An important cornerstone is the bottom-up measure LEADER, which stands for 'Liaison

Entre Actions de Développement de l'Économie Rurale'. It was introduced into EU funding in the 1990s and eventually integrated into the second pillar of the CAP in 2006. LEADER brings together actors from public administration, business and civil society to develop regional development strategies and decide on relevant projects, financed with their own budget.

“ La réforme proposée remet en question l'avenir de la politique de développement rural de l'UE. ”

The institutional arrangement of the CAP being the main vehicle for EU rural development support is not without problems. The first one is political, stemming from the fact that the EAFRD is a bit of a misnomer. Apart from the current ringfencing for LEADER (5 per cent in the second pillar), Member States are not required to use funds for rural development in a narrow sense. Given the EAFRD label, however, they are generally able to label all spending as benefiting rural development. The second problem is

administrative. The CAP is famous for its tight control systems with little room for error. What might work for area-based payments is problematic for funding of investments and cooperation. These projects are less predictable and more heterogeneous. Applicants and beneficiaries (often small municipalities or associations) tend to be less experienced and more likely to make mistakes. Public procurement is, for instance, a constant source of errors. Managing these projects is thus more costly for national administrations (Grajewski and Becker, 2024). Furthermore, the disbursement of funds as planned is a cornerstone of the CAP's performance measurement system. Area-based payments with reliable and regular uptake are also preferable from this perspective. National authorities thus think twice before funding rural development measures with EU money. For these reasons, rethinking rural development policy at EU level appears to be warranted.

The new proposals and rural development policy

The Commission proposal shows signs of a rethinking of rural development policy, even if the issue is not at the centre of attention. However, a first reading of the proposals – which, it has to be noted, are vague in certain parts – reveals contradictory signs on where this policy might be heading. Rural development remains an important objective. The NRPF proposal even lists 'fostering the attractiveness of territories to support the right to stay including by supporting strategies for the integrated development of urban and rural areas' as its first objective (Article 3 (1)). Looking at the instruments, however, the commitment appears shaky. In the NRPF proposal, LEADER loses its ringfencing. Furthermore, according to Article 18 (4) it 'shall be focused on rural development fields with added value for farmers and forest holders, such as social, environmental, digital and economic transformation of rural areas, improvement of well-being of rural citizens, strengthening social capital'.

The reference to farmers and forest holders can be read as a substantial narrowing of LEADER's thematic scope, which is currently addressing a broad set of regional development needs.

“ Die vorgeschlagene Reform stellt die Zukunft der EU-Politik zur Entwicklung des ländlichen Raums in Frage. ”

Other rural development measures are not explicitly mentioned. This was already the case for the current funding period, and the spirit of the proposals suggests that they could be financed in the non-ringfenced section of the NRPF. But it is highly uncertain to what extent Member States would do so. As has been shown above, Member States prioritise measures other than rural development support in the current funding period, notably agricultural measures as well as environmental and climate-related measures (the latter of which are currently subject to ringfencing requirements). A quarter of Member States already do the bare minimum for rural development, which is the 5 per cent of EAFRD spending on LEADER (Becker *et al.*, 2022). Given the current political climate and the general

pressure on national budgets, it is likely that rural development measures will receive even less attention when left to national bargaining dynamics in the non-dedicated budget.

In light of the overarching objectives of the NRPF, one might be led to expect that the ground rural development lost in the CAP might be recovered in other areas. Regional, cohesion or social policy already support rural areas. A recent study has shown in detail (European Commission, 2024b) that roughly a quarter of their funds flows into these areas. However, there is no thematic focus on rural development and the proposals offer no indication that this might be more pronounced in the future. A more positive reading might be that the merging of funds generates new momentum for coordination, with rural development becoming a horizontal issue being addressed by different instruments (from different government departments) with a coherent approach. This would entail a cumbersome process, however, and there is little reason to believe that the first instalment of a National and Regional Partnership plan will be much more than a sum of individual fund-specific chapters. There are also no incentives in the proposal for such coordination regarding rural development. As an established horizontal principle of EU governance, gender equality at least has the Member States explaining their approach in several chapters of their national plans according to the Commission proposals.



Both fields and villages are supported by the CAP. The current proposals call this into question. © pwmotion, Adobe Stock (ID: #274547387)

What about EU rural development goals?

The overall standing of rural development in the Commission proposals calls into question its place on the general EU agenda. Only four years ago, the topic seemed to become more prominent, when the Commission published its Long-Term Vision for Rural Areas (LTVRA). Pointing out that roughly 30 per cent of the EU's population live in rural areas, the LTVRA called for stronger, better connected, resilient and prosperous rural areas and listed various initiatives and instruments towards these ends. Interestingly, the first policy mentioned in the vision was the CAP, 'one of the key sources of EU funding for rural areas' (European Commission, 2021). The LTVRA was also received rather positively by the co-legislators. The Council 'invited the Commission to consider [...] turning this concept into a EU rural strategy, with a comprehensive and flexible approach to address different challenges and diversity in EU rural areas while maximizing their potential and opportunities' (Council of the European Union, 2023, no. 36). The European Parliament (EP) even called 'for the long-term vision to be developed into a concrete and measurable true rural strategy at EU level [...] and for the coordination of the contribution of all EU funds and policies to rural areas [and] stresses that this strategy must be fully integrated into future programming periods' (European Parliament, 2023, no. 76). However, in the wake of the farmers' protests in the winter 2023/2024 and the European Parliament elections 2024, the CAP discourse shifted even more to agricultural issues, with no attention to rural development in a narrow sense.

At first glance, the Commission proposals now put the LTVRA to rest. To be sure, the vision contains many other initiatives, such as facilitating networking in the rural pact and building a better database through the rural observatory. The Commission, perhaps preemptively,



The CAP currently supports rural tourism, for example through small-scale projects such as hiking maps. What role will such measures play in the future CAP?
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stressed the importance of these initiatives in its stock-taking exercise of the LTVRA in 2024, while remaining rather vague on spending instruments (European Commission, 2024a). Without these instruments, however, the goals are unlikely to be achieved. In that sense, the proposals are clearly at odds with the LTVRA.

Looking forward

If the Commission proposals became law, they would represent a significant change in EU policy that would also impact rural development. However, so far they remain proposals. Member State governments in the Council and the European Council as well as the EP have to negotiate the MFF and the funding instruments. The EP's response to the proposals was generally hostile, not least as the proposed governance architecture would weaken its institutional role. It also criticised the substance regarding rural development. Commission President

von der Leyen responded quickly, *inter alia* declaring that 'a target ensuring continuity of investment in the rural areas – 'a rural target' – could also be introduced' (European Commission, 2025). However, this is only one option of many pertaining to the CAP, and at the time of writing the definition and relevance of this rural target remain unclear, so much will have to be discussed and negotiated in the next two years.

“ The proposed reform calls into question the future of EU rural development policy. ”

Negotiations will be difficult and outcomes are uncertain, as with every reform cycle. However, the Commission proposals tend to shape

the course of the negotiations. It is thus rather unlikely that the CAP architecture of the current funding period will make a full comeback. Smaller, yet important changes for rural development, such as reintroducing ringfencing and a broader thematic scope for LEADER, seem more likely. As for establishing a more horizontal perspective on rural development, for instance through a rural target, expectations should be moderate. Institutional silos are not dismantled easily, and a spending target would have to be high enough to have a meaningful impact. At the same time, institutional silos may be the reason that spending levels for rural development will not fall drastically, as actors may stick to the (relative) status quo to avoid distributional conflict.

In general, the fate of EU rural development policy will mostly depend on the Member States' choices in designing their national plans – as was the case in the second pillar of the CAP. Given the political and administrative reasons outlined above, explicit rural development measures will likely remain of minor importance as far as EU funds are concerned. This could be seen as a



Janusz Wojciechowski, then European Commissioner for Agriculture, presents the Long-Term Vision for Rural Areas in 2021. Its fate appears uncertain in light of the recent CAP proposals. © European Union, 2021, licensed under CC BY 4.0

legitimate result of subsidiarity or Member State discretion. To a certain extent, this would also acknowledge the considerable diversity of rural areas across the EU, including the fact that in some Member States rural areas make up only a small share of the national territory. However, as a general pattern, it would raise questions regarding the current EU rural development goals. It would

thus be sensible to have a more comprehensive debate on the future of rural development policy focusing on aims and means and responsibilities between the European Union and the Member States.

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Further Reading

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Summary


The End of EU Rural Development Policy As We Know It?

 The European Commission's proposals for the EU funding period 2028–2034 promise paradigmatic change. A single National and Regional Partnership Fund would merge several currently autonomous funds, including the Common Agricultural Policy (CAP). The proposals cast particular doubt on the future of EU rural development policy in a narrow sense, meaning the instruments to support regional and local development in rural areas beyond the agricultural sector. At the moment located in the CAP's second pillar, rural development plays a marginal role in the proposals, which leave much discretion to the Member States. Previous funding periods suggest that they will put further emphasis on agricultural issues. This may signal the end of EU rural development policy as we currently know it, which would be at odds with the Commission's recent goals laid down in the Long-Term Vision for Rural Areas. A comprehensive debate on the future of EU rural development policy is needed.

La fin de la politique de développement rural de l'Union européenne telle que nous la connaissons?

 Les propositions de la Commission européenne pour la période de financement 2028–2034 annoncent un changement de paradigme. Un Fonds unique de partenariat national et régional fusionnerait les fonds actuellement autonomes, y compris la Politique agricole commune (PAC). Ces propositions soulèvent des interrogations quant à l'avenir de la politique de développement rural de l'Union européenne (UE) au sens strict, c'est-à-dire les instruments de soutien au développement régional et local des zones rurales, au-delà du secteur agricole. Actuellement intégré au deuxième pilier de la PAC, le développement rural occupe une place marginale dans ces propositions, qui laissent une large marge de manœuvre aux États membres. Les périodes de financement précédentes laissent penser qu'une plus grande importance sera accordée aux questions agricoles. Cela pourrait sonner le glas de la politique de développement rural de l'UE telle que nous la connaissons, ce qui serait en contradiction avec les objectifs récemment fixés par la Commission dans sa Vision à long terme pour les zones rurales. Un débat approfondi sur l'avenir de la politique de développement rural de l'UE est indispensable.

Das Ende der EU-Politik, zur Entwicklung des ländlichen Raums, wie wir sie kennen?

 Die Vorschläge der Europäischen Kommission für den Finanzierungszeitraum 2028–2034 versprechen einen Paradigmenwechsel. Ein einziger nationaler und regionaler Partnerschaftsfonds würde die derzeit unabhängigen Fonds, einschließlich der Gemeinsamen Agrarpolitik (GAP), zusammenführen. Die Vorschläge lassen insbesondere Zweifel an der Zukunft der EU-Politik zur Entwicklung des ländlichen Raums im engeren Sinne aufkommen, d. h. an den Instrumenten zur Unterstützung der regionalen und lokalen Entwicklung in ländlichen Gebieten außerhalb des Agrarsektors. Derzeit in der zweiten Säule der GAP angesiedelt, spielt die Entwicklung des ländlichen Raums in den Vorschlägen nur eine marginale Rolle, die den Mitgliedstaaten viel Ermessensspielraum lässt. Die bisherigen Förderperioden lassen vermuten, dass sie den Schwerpunkt weiterhin auf landwirtschaftliche Themen legen werden. Dies könnte das Ende der EU-Politik zur Entwicklung des ländlichen Raums, wie wir sie derzeit kennen, bedeuten. Dies stünde im Widerspruch zu den jüngsten Zielen der Kommission stehen, die in der langfristigen Vision für den ländlichen Raum festgelegt sind. Eine umfassende Debatte über die Zukunft der EU-Politik zur Entwicklung des ländlichen Raums ist erforderlich.