

EU rural development policy

SUMMARY

The rural development concept has evolved significantly over recent decades to become a fully-fledged policy at European Union level. It has adapted to an enlarged Europe which, from 2004, welcomed 13 new countries, adding much diversity to an already strongly contrasted rural Europe. Adaptation was also needed to cope with important socio-economic and demographic changes affecting rural areas, and to face new challenges such as climate change, the production of energy from renewable sources, and the need for more competitive and sustainable agriculture.

The new rural development policy for 2014-20, designed to improve quality of life in rural communities, seeks to address these issues and to harness the full potential of rural areas. It forms an integral part of the Common Agricultural Policy (CAP), reformed in 2013, and relies on an EU budget of more than €99.3 billion. The policy is fully aligned with the Europe 2020 strategy objectives for smart, sustainable and inclusive growth. A particular feature of the policy is that national, regional and local authorities are responsible for designing and implementing their seven-year rural development programmes, based on EU priorities and a 'menu' of measures proposed in the European agricultural fund for rural development, which provides EU co-financing. The increased flexibility of the new policy means that it offers support more closely tailored to the particular needs of each region or country. The European Parliament, as co-legislator for the reformed CAP, plays an active role in shaping rural development policy and pushed for measures for farmers and rural stakeholders more favourable than those originally tabled by the European Commission.



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Overview of rural Europe

Diversity of rural areas

Rural areas in Member States are extremely diversified, not only from a geographical point of view – with sharply contrasting landscapes, climate, and natural resources – but also economically and demographically: in the share of farming within overall rural economic activity, the type of farming, the level of dynamism and entrepreneurship. In terms of GDP per capita, some rural areas are among the EU's wealthiest regions, whereas others are characterised by their great

poverty, especially in remote and marginal areas. Demographic trends also vary widely between accessible rural areas, well-connected and close to urban centres; and peripheral and mountain areas. The former may attract population from towns and serve as residential areas, whereas the latter are more likely to see their population and economic activity drawn to urban areas.

The EU's rural population

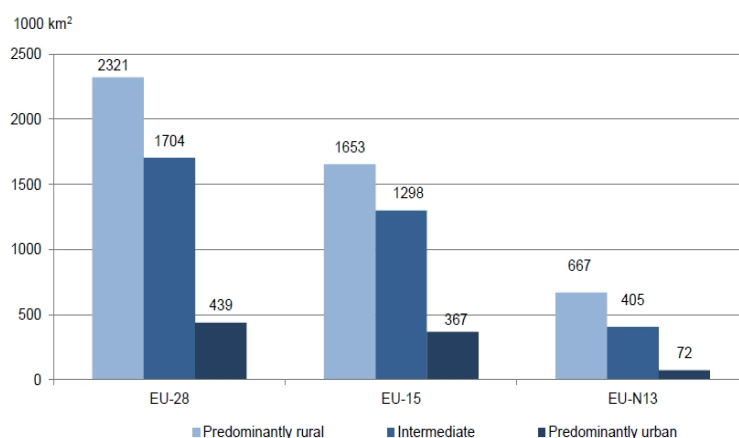
Sharp contrast between EU Member States

Each Member State has its own definition of a rural area. For the sake of consistency in all their publications on the subject, the European Commission and its statistical office, Eurostat, adopted a new [methodology](#) in 2010, dividing Nomenclature of Territorial Units for Statistics (NUTS) Level 3 regions (the smallest classification size) into three further categories: [predominantly rural](#), intermediate, and predominantly urban areas. According to the [Eurostat regional yearbook 2013](#) (Chapter 15), predominantly rural regions represent 52% of EU territory and have a population of 112.1 million people, or 22.3% of the (then) EU-27 population. They also account for 46 million jobs. Some Member States have a very low share of population living in predominantly rural areas: the Netherlands (0.6%), the United Kingdom (2.9%), Spain (7.4%) and Belgium (8.6%), which has a strong influence on the EU average. The highest share is recorded for Ireland (72.4%). A high proportion of the total population of many of the countries which joined the Union after 2004 live in predominantly rural areas. In Slovakia, for example, rural inhabitants account for more than half of the country's population.

Demographic trends

Recently, predominantly rural regions have experienced limited growth or a decline in their population. Between 2009 and 2013, rural populations fell by 0.9%, whereas they increased on average by 1.9% in urban areas. This drop was sharper in the Member States which joined the EU after 2004 (-2.8%). As regards the population structure, the number of people of working age decreased over this period, and the number of older people increased.

Figure 1 – Territory by type of region, 2013



Data source: [European Commission](#), 2013.

Main challenges in rural areas

Rural areas are vitally important for the EU for many reasons. As the main provider of food products, they contribute to ensuring food security in the Union. From an environmental point of view, they represent important centres of renewable energy production (solar, geothermic, wind and biomass energy); rural areas also contain most of the EU's water resources, and contribute to biodiversity preservation. The natural and cultural assets of rural areas can attract new economic activities, such as agro-tourism or so-called 'social farming' (therapeutic activities involving plants or animal care, for example). However, they face a number of socio-economic and environmental challenges, which EU rural development policy must seek to address efficiently.

Socio-economic difficulties

Numerous rural areas are confronted with depopulation and an ageing population, as well as youth emigration towards urban areas. This is particularly true in the Member States which joined the EU after 2004. Several factors may account for this trend. From an economic perspective, rural areas have less capacity to create high-quality, sustainable jobs, and offer a narrower range of economic activities; income levels are generally lower, and access to social/public services (health, transport, education) may be limited. Information and communication infrastructures are also less developed than in urban areas, and progress needs to be achieved regarding the quality of, and access to, broadband internet. A lack of economic diversification may explain the generally low levels of skills, knowledge, entrepreneurship and innovation, present in rural areas.

The relative share of agriculture in the economy is declining. While the primary sector (agriculture, forestry and fishing) occupies the vast majority of EU territory, it generates only around 5% of EU employment.¹ Farmers struggle to maintain competitive and viable holdings in a global economy; and low incomes deter young people from staying in family businesses.

Environmental issues

Depopulation often leads to the abandonment of land use for agriculture (especially in Mediterranean and Eastern Member States), which has an adverse impact on the environment: a decline in biodiversity, soil erosion, and increased risk of forest fires where land is no longer maintained by farmers. In some regions, excessive industrialisation and specialisation in the farming and forestry sectors have raised pressures on natural resources, with increased risks of soil erosion, unsustainable water use, higher emissions of greenhouse gases, and biodiversity loss. In the future, the threat of climate change may expose rural areas to additional risks from natural disasters such as droughts, floods, storms and fires.

Basic principles of EU rural development policy**An essential component of the Common Agricultural Policy**

EU rural development policy is designed to support the 'European model of agriculture', based on a mix of small farmers, family farmers, and industrial and professional farmers – a model that ensures food safety (in a context of climate change) and promotes sustainable and balanced development across all rural areas in the EU, including those characterised by difficult production conditions.

Rural development has only recently become a genuine EU policy; it currently mobilises [9%](#) of the total EU budget and is fully integrated in the [new strategic framework](#) for European structural and investment policies. The policy under its current form

originated in the Union's Agenda 2000 project (agreed in March 1999), which aimed at reinforcing EU policies and preparing the Union for its biggest ever enlargement, within a new financial framework. One of the main aspects of Agenda 2000 was CAP reform, which acknowledged the importance of rural development policy by making it a genuine 'second pillar' of the CAP. The aim was to secure the future of rural areas at a time when the farming sector was losing many jobs; notably by helping farmers to diversify their activities, to better process and market farm products and restructure their businesses. In the period 2000-06, EU funding for rural development accounted for only about 10% of the overall CAP budget; whereas in the following period (2007-13), it increased to around 25% of total CAP funding, underlining the policy's growing importance.

Rural development policy represents the '**second pillar**' of the Common Agricultural Policy and is co-financed from the EU budget (European Agricultural Fund for Rural Development – [EAFRD](#)) and by national authorities. The '**first pillar**' is made up of direct payments to support farmers' incomes and of market support measures such as public intervention on markets and private storage aid. It is entirely financed from the European Agricultural Guarantee Fund ([EAGF](#)). Both pillars are closely linked and complementary.

Rural development programmes at the policy's core

One of the basic principles is that EU rural development policy is implemented via multiannual rural development programmes (RDPs) designed by the Member States themselves. They are based on a set of measures listed in the relevant rural development regulation and organised around the main EU priorities. RDPs cover a seven-year cycle, matching the EU budgetary framework. Member States may propose either one national programme or a set of regional programmes.

At the beginning of a programming period, national authorities work closely with the Commission to draw up their RDPs, selecting the measures best adapted to the particular priorities of their rural territories. RDPs are thus tailored to the needs of a Member State or region, but have to be consistent with the overall framework set out in the regulation. RDPs are then sent to the Commission for approval. The Member States' authorities administer and oversee their implementation, with the Commission retaining a supervisory role.

Participatory approach

In all its structural and investment policies, the EU promotes an area-based and bottom-up approach, called [CLLD](#) (Community-led local development), involving local communities. The main concept being that development strategies are more efficient if they are decided and implemented at local level by local actors, who are best-placed to identify priorities and design development projects. From 2007 onwards, this methodology was fully integrated in EU rural development policy, and is known as the [LEADER](#) approach – now a mandatory feature of all Member States' RDPs.

Co-financing

Support for rural development is co-financed by the EU budget (the European Agricultural Fund for Rural Development (EAFRD), since 2007) with compulsory co-financing by national/regional budgets. Additional national resources or even private sources are allowed. Each Member State receives a total envelope of EU funds for the whole programming period, broken down in annual allocations (for the current period, see Annex I of the [EAFRD Regulation](#)). Co-financing rates (support from the fund) vary according to the type of rural area – for example, they are higher for outermost and less

developed regions (Annex II of the EAFRD Regulation). Each RDP must include a financing plan, indicating the total EAFRD contribution and the matching regional/national public funding.

EU rural development policy 2014-20

EU rural development policy as part of a wider EU strategy for growth

The 'new' EU rural development policy, resulting from the CAP reform of 2013, retains the basic principles described above, but has also been modernised and adapted to the new EU common strategic framework covering all structural and investment funds and reflecting the [Europe 2020 strategy](#) through common thematic objectives.

Today's rural development policy 2014-20 has a clear mission, consistent with the objectives of the reformed CAP as a whole² – viable food production, sustainable management of natural resources and climate action and balanced territorial development – with the Europe 2020 strategy focusing on employment, growth, innovation, education, social inclusion and climate/energy.

To meet Europe 2020 objectives, closer cooperation and coherence with the other European Structural and Investment policies is planned for rural areas. While EU rural development policy is supported by the EAFRD, four other EU funds can also provide support: the [European Regional Development Fund](#), the [European Social Fund](#), the [Cohesion Fund](#) and the [European Maritime and Fisheries Fund](#), collectively known as the European Structural and Investment (ESI) funds. Each Member State concludes a partnership contract with the Commission: a national strategic plan indicating investment priorities for the five ESI funds. In the financing period 2014-20, those funds are governed by a single set of common rules, the [Common Provisions Regulation](#) (CPR), which ensures a more strategic and complementary use of the various sources of funding.

Rural-urban linkages: Urban and rural regions are increasingly interconnected and interdependent, notably as a result of the rapid expansion of peri-urban areas (also called the urban fringe, constituting the interface between town and countryside), which creates complex urban-rural dynamics. They face common challenges, such as demographic change, equal access to public services, energy and climate change, which can be met more efficiently in the framework of a truly integrated and cooperation-based approach to development. In line with EU territorial cohesion objectives, the Common Provisions Regulation provides for two specific tools that can help Member States implement territorial strategies in an integrated way for a specific territory, combining support from different ESI funds: [Integrated territorial investments](#) (ITI), which allow national authorities to implement operational programmes in a cross-cutting way; and [Community-led local development](#) (CLLD) which, as a building block to implement ITIs, is a strictly bottom-up approach led by local action groups and an efficient methodology for building links between urban, rural and fisheries areas.

The EU rural development policy legal framework

The implementation of EU rural development policy during the period 2014-20 is regulated by several legislative acts: [Regulation \(EU\) No 1305/2013](#) (basic act setting out the specific rules relating to the EAFRD for rural development programming), [Regulation \(EU\) No 1303/2013](#) (general regulation setting out common rules for the five ESI funds), [Regulation \(EU\) No 1306/2013](#) (CAP 'horizontal' Regulation providing financial management rules for the two CAP funds, the European Agricultural Guarantee Fund (EAGF) and the EAFRD), and [Regulation \(EU\) No 1310/2013](#) (regulation defining transitional rules to bridge the gap between two multiannual programming periods). In

addition to the regulations adopted by the European Parliament and the European Council, the European Commission has adopted a number of [implementing acts and delegated acts](#) to regulate more detailed aspects of the policy.

Financial framework

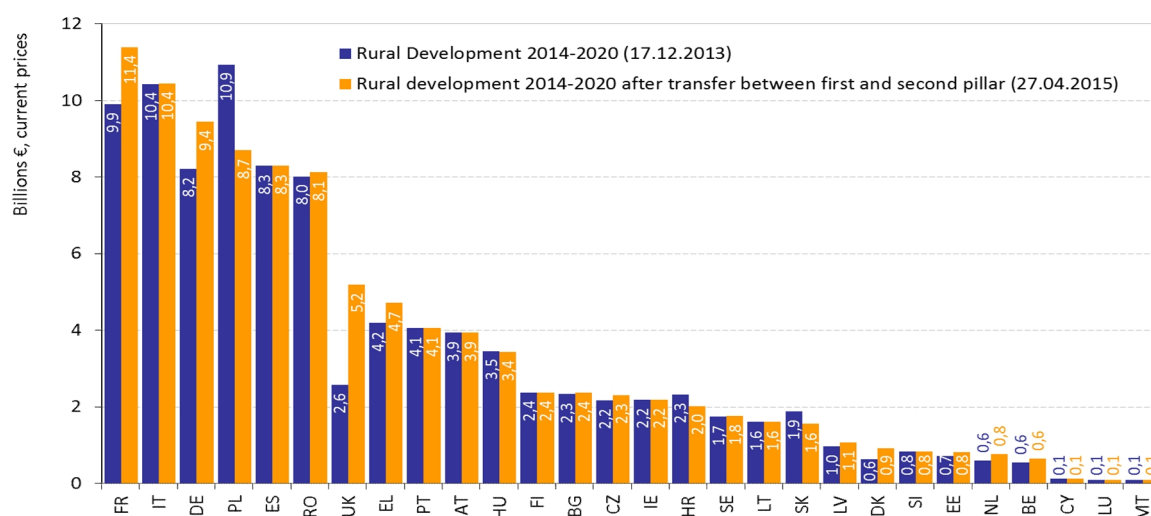
Rural development allocations

Under the 2014-20 [multiannual financial framework](#), a total budget of €408.31 billion (in current prices) was allocated to the CAP as a whole. This amount was initially distributed between the two pillars as follows: €312.74 billion for Pillar I (EAGF) and €95.58 billion for Pillar II (EAFRD). The total CAP budget represents nearly 38% of the total EU budget; with respective shares of Pillar I at 29% and Pillar II at 9%. Importantly, Member States must spend at least 30% of their EAFRD national allocation on measures related to organic farming, areas with natural constraints, agri-environmental land management and the fight against climate change, plus at least 5% on the LEADER approach.

Inter-pillar transfers and Member State allocations

The 2013 CAP reform nevertheless introduced inter-pillar flexibility, where Member States may transfer funds between the two pillars: up to 15% of the original amounts and, for some Member States, up to 25% from the second to the first pillar. According to the programmes submitted by countries and regions to the European Commission, 11 countries have decided to use this option to increase support for rural development (Belgium, the Czech Republic, Denmark, Estonia, France, Germany, Greece, Latvia, the Netherlands, Romania, and the United Kingdom). Taking into account inter-pillar transfers, the EU rural development budget increased to €99.3 billion, a net transfer of around €4 billion from Pillar I to Pillar II over the 2014-20 period. Figure 2 illustrates Member State allocations before and after inter-pillar transfers (Article 14 of Regulation (EU) No 1307/2013) and [capping](#) application (reduction of payments as provided by Article 11 of Regulation (EU) No 1307/2013). The transfers do not affect France, Germany, Italy, Poland, Romania and Spain's rankings, as the main beneficiaries of rural development funds.

Figure 2 – Breakdown of EU support for rural development 2014-20, after transfer between Pillar I and Pillar II and reduction of payments



Source: [Regulation \(EU\) No 1305/2013](#) as amended by Commission [Delegated Regulation](#) (EU) No 2015/791.

A clearer policy framework for rural development

Objectives, priorities and focus areas

For the 2014-20 period, the Commission has set **three overarching strategic objectives** for EU rural development policy, contributing to the Europe 2020 strategy (Article 4 of Regulation (EU) No 1305/2013):

- Fostering agricultural competitiveness;
- Ensuring sustainable management of natural resources, and climate action;
- Achieving balanced territorial development of rural economies and communities, including the creation and maintenance of employment.

These objectives are translated into **six European Union priorities** for rural development:

1. [Fostering knowledge transfer](#) and innovation in agriculture, forestry and rural areas.
2. [Enhancing the viability](#)/competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management.
3. [Promoting food chain organisation](#), animal welfare and risk management in agriculture.
4. [Restoring, preserving and enhancing ecosystems](#) related to agriculture and forestry.
5. [Promoting resource efficiency](#) and supporting the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors.
6. [Promoting social inclusion](#), poverty reduction and economic development in rural areas.

Each priority, in turn, identifies two or more detailed sub-areas for targeted intervention called **focus areas** (Article 5 of Regulation (EU) No 1305/2013).

Designing rural development programmes

Member States/regions must draw up their rural development programmes (RDPs) around at least four of the six priorities, and set quantified targets for the focus areas, based on a detailed assessment of the needs of the territory covered by the RDP. They must indicate which measures (from the list provided by the EAFRD regulation) they will use to achieve their targets and how much funding will be allocated to each measure. RDPs must also include a thorough analysis of the strengths, weaknesses, opportunities and threats (SWOT analysis) of the context in the territory concerned.

It is worth noting that 'innovation', 'environment' and 'climate change mitigation and adaptation' are cross-cutting objectives, common to all ESI funds, to which all rural development measures must contribute.

A streamlined set of measures

In comparison with the former regulation, the EAFRD 2014-20 proposes a reduced number of measures to simplify financial management. These are mainly defined by type of beneficiary (young farmers, public and private forest owners, SMEs) and of support (payments per hectare, investment support, etc.). Some new measures have been introduced to cover emerging needs: risk-management tool, cooperation and start-up toolkit for LEADER.³ There is now more flexibility in the selection of measures; they can be used in combination, and each of them can serve one or more priorities/focus areas.

Examples of RDPs 2014-20: Lithuania and Scotland (UK)

Lithuania is a good example of a predominantly rural country: its territory covers 65 000 km², of which 85% is rural. Agricultural land covers 60% of the area, most of the rest being forest. Formally adopted by the European Commission on 13 February 2015, the Lithuanian RDP mainly focuses on priority P2 **Enhancing the viability/competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management**: to which nearly 31% of total public funds supporting the Lithuanian RDP (€1.98 billion for the seven-year period) is allocated. The low competitiveness of small and medium-sized farms has prompted national authorities to focus on the modernisation and improvement of the economic performance of these farms, around 8 000 of which will be supported. Other main priorities are **Restoring, preserving and enhancing ecosystems related to agriculture and forestry** (P4) and **Promoting social inclusion, poverty reduction and economic development in rural areas** (P6). Lithuania's RDP covers all six priorities. Priority 2 is subdivided into three focus areas: 'Improving farm economic performance', 'Entry of skilled farmers', and 'Forestry'. To address these issues, the Lithuanian authorities have decided to use six of the measures proposed in the EAFRD regulation: 'Investment in physical assets' (representing 24.42% of total public funds), 'Knowledge transfer', 'Advisory services', 'Farm and business development, Cooperation and Forestry'.

Scotland's territory covers 78 000 km² of which 95% is rural. There are 5.6 million hectares of farmland (73% of Scotland's total land area) and 1.41 million hectares of woodland. Formally adopted by the European Commission on 26 May 2015, the Scottish RDP mainly focuses on Priority 4, **'Restoring, preserving and enhancing ecosystems related to agriculture and forestry'**, to which nearly 50% of total public funds supporting the Scottish RDP (€1.68 billion for the seven-year period) is allocated. Other priorities are boosting farming and forestry productivity to create economic growth and more jobs, as well as fostering innovation, knowledge transfer, co-operation, more sustainable farming practices and stronger rural businesses. Scotland's RDP covers all six priorities. Priority 4 is subdivided into three focus areas: biodiversity, water management and soil erosion. To address these issues, the Scottish authorities have decided to use nine of the measures proposed in the EAFRD Regulation: 'Knowledge transfer', 'Advisory services', 'Investments in physical assets', 'Forests', 'Agri-environment climate', 'Organic farming', 'Areas with natural constraints', 'Forest-environmental and climate services', and 'Cooperation'.

New or reinforced features of the EAFRD regulation

The new regulation is more result-oriented than previously and includes new features designed to ensure the smooth operation of rural development programmes. It provides that **ex-ante conditionalities** (pre-conditions for the effective use of EU funds) must be in place in the Member States, such as an appropriate regulatory/policy framework and sufficient administrative/institutional capacity (adequate staff and IT equipment, etc.). Also, a **performance reserve**, made up of 6% of each country's rural development envelope is intended to encourage good progress against quantified targets and milestones set in RDPs. The Commission will review programme performance with the Member States in 2017 and 2019: programmes which met their milestones will be allocated the performance reserve, and financial sanctions may be considered for those which failed to do so.

Risk management

More than other activities, the farming sector is subject to considerable economic and environmental risks as a consequence of increased price volatility and climate change. In its Articles 36-39, Regulation (EU) No 1305/2013 consequently provides for a measure on **'risk management'**, designed to help farmers deal with the most common

risks. It contributes to the premiums they pay for crop, animal and plant insurance, and helps with setting up mutual funds and the compensation paid by such funds to farmers for losses suffered as a result of adverse climatic events, the outbreak of animal or plant diseases, pest infestation or environmental incidents. Moreover, farmers are increasingly exposed to global markets and price volatility, which threatens the sustainability of their farms. An **income stabilisation tool** in the form of a mutual fund to support farmers facing a severe fall in their income has therefore been introduced under the risk management measure. If their income drops by at least 30%, they may receive compensation (up to 70% of their income loss) from the fund. This tool should reduce their exposure to large variations in farm income.

Thematic sub-programmes

The new EAFRD Regulation enables Member States to offer special support to certain groups, areas and objectives by including sub-programmes within their RDPs. These may concern, inter alia: young farmers, mountain areas, women in rural areas, small farms, short supply chains, climate change mitigation and adaptation and biodiversity. A list of measures particularly relevant to each thematic sub-programme is set out in [Annex IV](#) of the EAFRD Regulation. Within these sub-programmes, investment measures may benefit from higher support rates from the fund.

European Innovation Partnership Network for agricultural productivity and sustainability (EIP-AGRI)

Fostering knowledge transfer and innovation is a central component of the new rural development policy. [EIP-AGRI](#) (Title IV of the EAFRD Regulation) is one of five European Innovation Partnerships contributing to the Europe 2020 Strategy. EIP-AGRI was launched by the Commission in 2012 to develop competitive and sustainable farming and forestry and to help these sectors address current issues such as volatility in market prices, climate change and stricter environmental rules. Member States can include this feature in their RDPs as a tool to support innovation projects that bring together farmers, researchers, advisors, NGOs and other stakeholders within **operational groups**. EIP-AGRI is served by various rural development measures such as 'knowledge transfer', 'cooperation' and 'investment in physical assets'. It pools funding from the EAFRD and, for multinational innovation projects, from Horizon 2020, the EU research and innovation programme.

Rural networking

Substantial experience in rural networking was gathered during the 2007-13 period and the role of networks has been strengthened for the 2014-20 programming period. Articles 52 and 54 of the EAFRD Regulation provide for the establishment of the [European Network for Rural Development](#) (ENRD) and the [National Rural Networks](#). Their aim is to increase rural development stakeholders' involvement, and develop the exchange of experience and good practice, cooperation and joint learning between them, to improve the planning and implementation of rural development programmes and avoid errors and irregularities. At the beginning of the new programming period, the ENRD organised a [seminar](#) bringing together rural development administrators and organisations from across Europe to provide them with guidance on a number of RDP implementation issues.

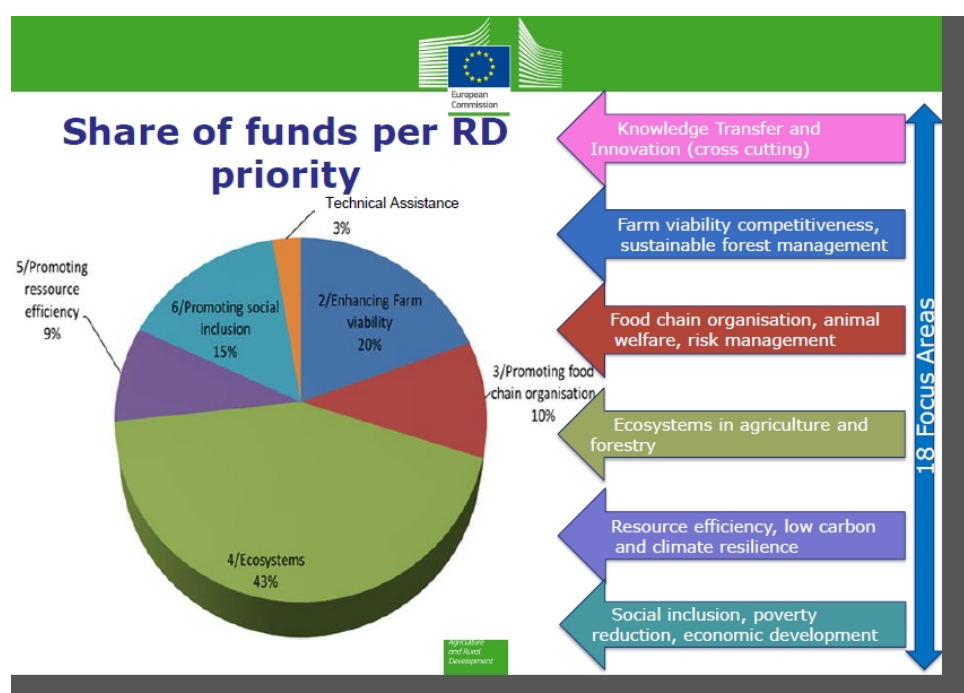
State of play of rural development programmes for 2014-20

European Commission

The Commission received a total of 118 national and regional [RDPs](#) from the Member States and adopted 79 of them by 1 September 2015. All programmes should be adopted by the end of 2015. Some large EU countries have submitted many RDPs (one national programme and several regional ones): France (30), Italy (23), Spain (19) and Germany (15). However, a majority of Member States have designed a single national RDP.

The total public funding for all RDPs (national envelopes from EARFD and co-financing by Member States) amounts to around €161 billion. The fourth priority for rural development, 'Ecosystems in agriculture and forestry' has attracted the biggest share of funding: 43% (see Figure 3).

Figure 3 – Share of funds per rural development priority



Source: [European Commission](#).

As regards the measures selected to achieve the priorities, the three most important, in terms of the share of funding allocated to them, are: 'Investment in physical assets' (23.5%), 'Agri-environmental climate' (16.8%) and 'Payments to areas facing natural/specific constraints' (16.1%).

The 'Risk management' measure described earlier has been selected by 13 Member States and included in 15 RDPs (including the Italian and French national RDPs). The measure accounts for €2.7 billion in total public spending; 675 000 holdings are participating. Italy devotes by far the highest amount of funding to risk management: close to €1 600 million; followed by France (around €600 million), and Romania (around €200 million).

As far as LEADER is concerned, the bottom-up participatory approach is implemented by all 28 Member States and is part of almost all RDPs (109 out of 118). A total of €9.3 billion in public expenditure is devoted to LEADER, and around 2 400 [Local Action Groups](#) (LAGS), made up of representatives of public and private socio-economic

interests), are supported. Germany has the highest number of LAGS (over 300), closely followed by France, Poland, Spain and Italy.

Towards simplification of rural development rules

The Commission is working on the [simplification](#) of both pillars of the new CAP, deemed too complex by many agricultural stakeholders. As regards the second pillar, there are plans to screen the rural development programmes, following their adoption, to ascertain where national authorities have rendered European rules more complicated – referred to as 'gold-plating'. According to the Commission, national/regional rules should not complicate RDP implementation unnecessarily, as this causes many irregularities: 80% of errors observed during the period 2007-13 were due to breaches of conditions set at national level. Among other proposals, the [Commission](#) indicated the European Network for Rural Development (ENRD) would be more involved in disseminating best practices during the rest of the programming period; organising events and awareness-raising initiatives on the subject of errors, from 2015.

European Parliament

Parliament's role during the trilogue on CAP reform

The EP had a decisive influence on the final outcome of the negotiations with the Council and the Commission, which took place between April and September 2013. For certain second pillar measures, it endeavoured to obtain [more favourable conditions](#) for farmers than those proposed by the Commission, in the form of higher support rates or amounts.

As regards inter-pillar flexibility, Parliament, together with the Council, ensured that Member States would be able to transfer up to 15% of their annual national ceilings for direct payments (Pillar 1) to fund measures under their rural development programmes (Pillar 2), instead of the 10% proposed by the Commission.

It is at Parliament's insistence that, in order to ensure the best use of rural development funds, the definition of 'active farmer' (Article 9 of Regulation (EU) No 1307/2013) was extended to six rural development measures. This definition excludes entities such as airports, real estate companies and sports clubs, which are only eligible for EU funding if they can prove that farming contributes a substantial share of their income.

Parliament also insisted on the need to earmark at least 30% of the total budget for rural development programmes for environmental and climate expenditure, and secured agreement from the Commission and the Council on this figure.

Parliamentary intergroup on rural development

An EP parliamentary [intergroup](#) on Rural, Mountainous and Remote Areas ([RUMRA](#)), was launched on 12 March 2015. This new forum for dialogue on European rural policy is chaired by Mercedes Bresso (Italy, S&D), former President of the Committee of the Regions. Its objective for the next five years is to promote an interdisciplinary approach to rural issues that are presently dealt with in various EP Committees (AGRI, REGI, ENVI, ITRE, EMPL, etc.) as well as to contribute to highlighting the potential of rural, mountainous and remote areas and encouraging their recognition as poles of development and innovation.

Outlook

The common agricultural policy was entirely reformed in 2013 and no changes to its core principles are expected in the 2014-20 period. However, during his hearing in the

European Parliament in October 2014, Commissioner-designate for agriculture Phil Hogan explained that CAP simplification would be a top priority for his mandate. In line with this commitment, the European Commission's Directorate General for Agriculture and Rural Development (DG AGRI) is currently screening all CAP legislation in order to identify opportunities for simplification and subsidiarity. Priority is currently given to the first pillar of the CAP (payments), with a first set of simplification measures announced for [ecological focus areas](#) in May 2015. As far as rural development is concerned, work is still ongoing on the adoption of the remaining RDPs. Pillar II simplification measures are also expected at a later stage. Furthermore, as required by the CAP 'horizontal' Regulation No 1306/2013, the Commission will carry out a comprehensive evaluation of the performance of the entire agricultural policy and present a report to the European Parliament and the Council before 31 December 2018.

Main references

European Network for Rural Development – European Commission: A [short guide](#) to the European Commission's proposals for EU rural development after 2013.

[Eurostat regional yearbook 2013](#), Focus on rural development (Chapter 15).

European Commission: [The CAP towards 2020](#) – Implementation of rural development policy – State of play of RDPs.

Endnotes

- ¹ European Commission 2013 report entitled 'Rural Development in the European Union – Statistical and Economic Information'. [Objective indicator 8](#): Employment development of the primary sector, 2012.
- ² [Communication from the Commission](#) to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future (COM/2010/0672 final).
- ³ A new 'LEADER start-up kit' has been introduced for Local Action Groups which did not take part in LEADER during 2007-13. Those who make use of the kit will receive support for building capacity and will be able to experiment with small pilot projects.

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