

## Research for REGI Committee – EU Cohesion Policy in non-urban areas

### KEY FINDINGS

- )] Rural areas face social, structural and geographical challenges, but possess valuable inherent environmental, cultural and social assets.
- )] Cohesion Policy provides a long-term and dependable financial framework for rural areas, but urban areas have been allocated over three times as much Cohesion Policy funding as rural territories (€165.5 billion compared to €45.6 billion).
- )] Rural areas see the implementation of a lot of infrastructure projects, while in urban areas there are more projects in the areas of low-carbon economy and research and innovation.
- )] Policy coherence of Cohesion Policy with the EU's rural development policy – an important source of funding in many Member States – is challenging.



### Characteristics of rural areas

Non-urban areas – which for this research study are defined as equivalent to rural areas according to the Degree of Urbanisation typology – cover more than 90% of the EU territory and are home to nearly 30% of the EU population. The structural transformations in rural Europe over the past three decades have resulted in an economic structure currently

The present document is the executive summary of the study on EU Cohesion Policy in non-urban areas. The full study, which is available in English can be downloaded at: <https://bit.ly/35ohiQT>



dominated by the tertiary sector. Yet, in several Member States, employment in the primary sector is still proportionally high. Intrinsic rural characteristics play an important role in shaping rural challenges and opportunities. Challenges can be categorised as social, structural and geographical. They are often correlated with each other and therefore policy approaches must address them in combination. Rural opportunities are based on endogenous rural assets. Rural areas can build on these in order to enable local development and to form the basis of a proactive policy approach. Yet, rural assets are unevenly exploited across the EU.

## Cohesion Policy funding for rural areas

Urban areas (€165.5 billion) have been allocated over three times as much Cohesion Policy (CP) funding as rural territories (€45.6 billion). Across Member States, the share of Cohesion Policy Funds allocated to rural areas varies from less than 5% to more than 30%. Four countries did not explicitly allocate any Cohesion Policy Funds to rural areas. However, more than half of the funding is not assigned to any type of territory and can be used both in urban and in non-urban areas.

By the end of 2019, financial implementation appears more advanced in rural than in urban areas at EU level and in many Member States. One of the reasons could be the different thematic orientation. However, there are wide differences among Member States, many of which have higher financial implementation in urban areas.

Member States prioritise different Thematic Objectives when implementing Cohesion Policy in urban and in rural areas. Rural investments are directed first and foremost to transport infrastructure, followed by support to environmental actions, and only then to Small and medium-sized enterprises (SMEs). There is a tendency for Managing Authorities to use Cohesion Policy more actively for overcoming rural disadvantages related to their lower accessibility and connectivity, and less for nurturing unique and diverse local assets. The degree to which Cohesion Policy supports research and innovation, and therefore economic diversification, in rural areas is rather limited.

Measuring the effectiveness of Cohesion Policy entails many methodological challenges. The rare examples of studies looking at rural areas identify benefits mostly for areas close to urban centres. Cohesion Policy effects are most visible in the case of infrastructural measures and in terms of supporting wider 'good governance'.

## Relationship between Cohesion Policy and Common Agricultural Policy

The EU's rural development policy, funded by the European Agricultural Fund for Rural Development (EAFRD), follows thematic priorities that are partially similar to Cohesion Policy, but with a strong agricultural bias. The EAFRD plays an important role in many Member States, often being the largest territorially-oriented European Structural and Investment (ESI) Fund.

Cohesion Policy and Rural Development Policy have similar implementation procedures, but are implemented in parallel. Partnership Agreements at strategic level ensure coherence and coordination and, while Community-led local development (CLLD) offers opportunities for complementarity on the ground, synergies remain challenging.

## Cohesion Policy for healthcare in rural areas

Throughout the EU, the rural population has a higher percentage of self-reported unmet healthcare needs. Supply and demand of services, income distribution and proximity are key factors in determining general access to healthcare. Most countries with higher healthcare needs in rural areas still support mostly urban healthcare investments.

In the COVID-19 crisis context, evidence of Cohesion Policy-funded responses benefitting rural areas directly is very limited. Yet, capacity-building and community-led actions have proliferated, mostly funded by the EAFRD.

## Proposals for post-2020 Cohesion Policy and implications for rural areas

The Policy Objectives of 2021-27 are able to address rural challenges, but thematic concentration requirements could result in rural areas being disadvantaged. Territorial trends also appear to disadvantage rural areas. The territorial focus on urban areas is likely to increase, without any equivalent plans for rural areas.

Yet, the policy fundamentals of the revised Commission Multiannual Financial Framework (MFF) proposal and Recovery Instrument supporting a strengthening of the green transition and mainstreaming climate action in policies and programmes could be a positive element for rural areas due to their environmental assets. The territorial dimension of Next Generation EU is rather limited and its allocation method could disadvantage rural areas.

## Conclusions

Rural areas face social, structural and geographical challenges, although to differing extents. Yet, in addition to agriculture and food production, their environmental, cultural and social assets are valuable resources for the low-carbon economy, (social) innovation, environmental services, and tourism and recreation.

Cohesion Policy provides a long-term and dependable financial framework for rural areas, while at the same time allowing flexibility for Member States and regions to tailor their spending in accordance with the specific characteristics of rural areas. Yet, it appears that the wider structural and socio-economic challenges in rural areas are not adequately addressed.

Cohesion Policy funding allocation to rural areas is only about a quarter of that to urban areas, but it ranges from no explicit rural funding in some Member States to over 30% in others. In terms of funded themes, rural areas see the implementation of a lot of infrastructure projects, while there are more projects in the areas of low-carbon economy and research and innovation in urban areas. Policy coherence of Cohesion Policy with the EU's rural development policy, which is an important source of funding in many countries, is challenging.

Cohesion Policy plays an important role in funding healthcare infrastructure and services, but the amount going into rural areas is seemingly very limited. The role of Cohesion Policy funding as part of the COVID-19 response in rural is as yet unclear.

Looking at Cohesion Policy post-2020, the future Policy Objectives allow addressing rural challenges, but thematic concentration requirements and territorial trends could result in rural areas being disadvantaged.

## Further information

This executive summary is available in the following languages: English, French, German, Italian and Spanish. The study, which is available in English, and the summaries can be downloaded at: <https://bit.ly/35ohiQT>

More information on Policy Department research for REGI: <https://research4committees.blog/regi/>



**Disclaimer and copyright.** The opinions expressed in this document are the sole responsibility of the authors and do not necessarily represent the official position of the European Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. © European Union, 2020.  
© Image on page 1 used under the licence from Adobe Stock

Research administrator: Marek KOŁODZIEJSKI

Editorial assistant: Jeanette BELL

Contact: [Poldep-cohesion@ep.europa.eu](mailto:Poldep-cohesion@ep.europa.eu)

This document is available on the Internet at: [www.europarl.europa.eu/supporting-analyses](http://www.europarl.europa.eu/supporting-analyses)