



European Committee  
of the Regions

# Network of Regional Hubs for EU Policy Implementation Review

Implementation Report  
Fifth Consultation,  
on CAP and Rural Development



**RegHub**

*The content of this report has been approved by the European Committee of the Region's Subsidiarity Steering Group on 1 February 2021. More information on the Subsidiarity Steering Group is available on <http://portal.cor.europa.eu/subsidiarity/Pages/default.aspx>.*

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## Table of respondents

<b>Member State</b>	<b>Regional Hub</b>
Austria	Vorarlberg as part of the <i>International Lake Constance Conference hub</i> – IBK – (AT and DE)
Belgium	Flanders
Croatia	Brod-Posavina Dubrovnik-Neretva
Finland	Helsinki-Uusimaa
France	Brittany
Germany	Baden-Württemberg as part of the <i>International Lake Constance Conference hub</i> – IBK – (DE and AT) Brandenburg North Rhine-Westphalia
Greece	Thessaly
Ireland	Northern & Western Regional Assembly
Italy	Autonomous Province of Bolzano/Bozen Emilia-Romagna Friuli Venezia Giulia Umbria Veneto
Netherlands	Netherlands Hub (Provinces of Limburg, Gelderland, Zuid-Holland and Overijssel, and city of Tilburg)
Poland	Mazovia West Pomerania
Portugal	Alentejo
Romania	Harghita Ialomita
Slovakia	Kosice Self-governing Region
Spain	Catalonia Community of Madrid Community of Valencia

## 1 Executive summary

Since 1986, the objective of cohesion policy has been to strengthen economic and social cohesion. The Lisbon Treaty and the EU's new high-level strategy (Europe 2020) introduced a third dimension: territorial cohesion. All EU policies should comply with this new objective, including the Common Agricultural Policy (CAP).

From 5 May to 15 June 2020, the European Committee of the Regions (CoR) launched a consultation of its Regional Hubs Network (RegHub) on the evaluation of the impact of the CAP on the territorial development of rural areas, to feed into the [long-term vision for rural areas](#), which is planned for adoption by the European Commission (EC) in 2021.

This consultation took place during the RegHub pilot phase (2019-2020). Since then, RegHub has mainstreamed (RegHub 2.0) and its list of members has been modified. Consequently, some of the respondents to the consultation are no longer members of the network and some of the current members were neither involved in the consultation nor in the drafting of the implementation report

The RegHub consultation focused on the hubs' understanding to what extent three CAP Regulations ([Regulations EU 1307/2013](#), [EU 1308/2013](#) and [EU 1305/2013](#)) have contributed to addressing the main challenges faced by rural areas over the 2014-2020 programming period. Moreover, the hubs were asked, which measures they consider the most effective ones to address them.

A majority of hubs reports negative developments of their rural areas and agriculture sectors over the given period. Among the common trends identified are:

- the depopulation of rural areas;
- the lack of public services;
- the decreasing number of farms; and
- the lack of generational change<sup>1</sup> in farming.

These results correspond to the weaknesses identified by the EC in its background document "[Socio-Economic challenges facing EU agriculture and rural areas](#)".

Based on the background document, the RegHub consultation covered the six main challenges faced by rural areas over the 2014-2020 programming period: *low growth; underemployment; poor generational renewal; sub-optimal infrastructure and services; territorial imbalances; and social inclusion and poverty*. The following paragraphs summarise the overall trends in meeting those challenges, as identified by the members of the RegHub network.

The contribution of the three CAP Regulations to address the main challenges faced by rural areas over the 2014-2020 programming period are summarised in Figure 1 below. [Figures 2 – 7](#) present the aggregated replies for each of the aforementioned challenges and the three Regulations.<sup>2</sup>

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<sup>1</sup> More than 31% of all farms in the EU are run by farmers older than 65, whilst young farmers represent only 6% of European agricultural community. Reversing this trend is one of the toughest challenges for the main EU farming policy.

<sup>2</sup> Values displayed are percentages, total population equals 24, the number of responses received.

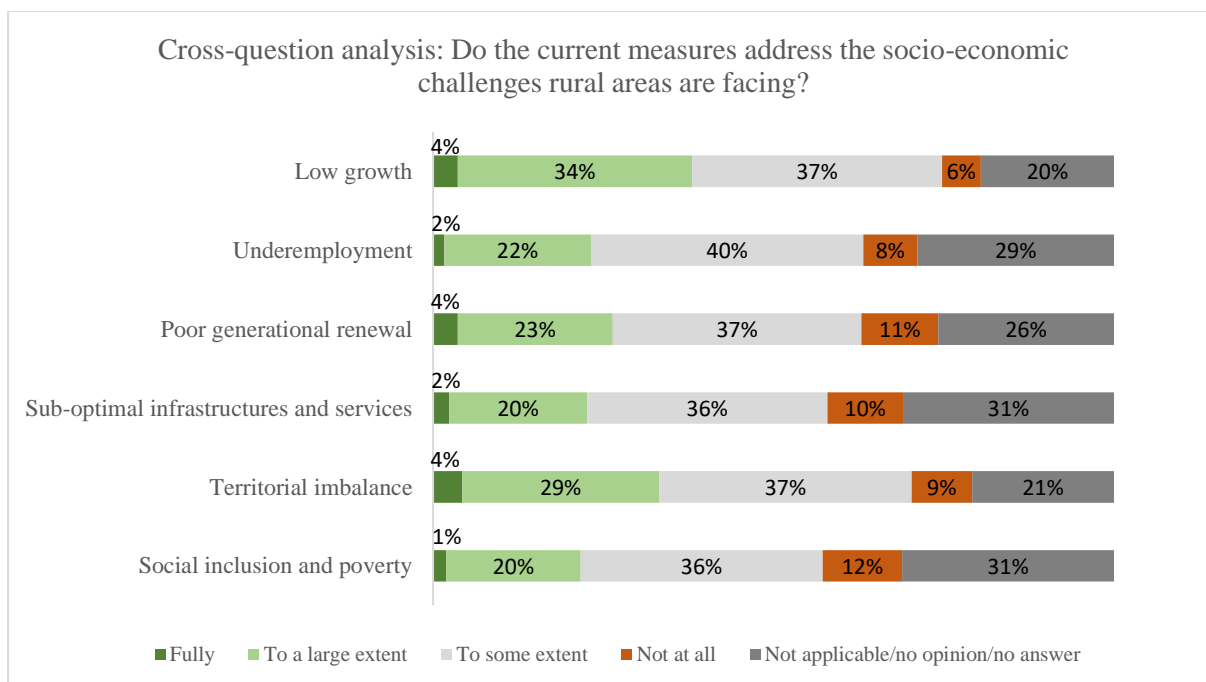


Figure 1 Cross-question analysis: Do the current measures address the socio-economic challenges rural areas are facing?

Data: Answers to all relevant questions across the three Regulations have been aggregated.

As can be derived from Figure 1, the **current measures in their entirety appear unsuited to address the socio-economic challenges rural areas are facing** and to achieve the Treaty objective of territorial cohesion. This might be largely due to the fact that the CAP has initially not been designed to meet socio-economic challenges of rural areas, but rather to support the agricultural sector in the wake of mayor economic structural changes.<sup>3</sup>

As a consequence, only a few measures entailed by the examined Regulations are explicitly dedicated to enhance territorial cohesion and many of the measures that could potentially mitigate the above-mentioned challenges, are characterised by a **lack of targeting, insufficient support volumes, exhaustive administrative burden** and thus a **low level of cost-effectiveness**. Moreover, important 'soft' factors such as a culture that supports cooperation and adequate training capacities for farmers and other rural actors, are often missing and prevent an effective implementation of the said measures.

However, for many of the measures one or more hubs indicate a potential for improvement and positive impact. **Cost-effectiveness assessments** would therefore be advisable in order to determine, which of the existing instruments are worth being developed and where the existing framework needs to be adapted.

The contribution of the **Direct Payment Regulation** ([Regulation EU 1307/2013](#)) to overcome rural areas' challenges is considered quite weak by the hubs. In those cases, where hubs recognize the role of direct payments for supporting farmers' income, they highlight that it is no longer effective enough to overcome market fluctuations and repeated agricultural crises, the latter of which they partially link to the EU trade policy. While first-pillar instruments seem to be relatively well-established, they often lack sensitivity with regard to different farm business models. Moreover, socio-economic as well as environmental objectives are often not accounted for sufficiently.

The Regulation on the **Common Organisation of the Markets** ([Regulation EU 1308/2013](#)) seems the most effective one with regard to stabilising agricultural markets and in particular largely address low

<sup>3</sup> Article 39 TFEU sets out the objectives of the CAP: increase agricultural productivity, ensure a fair standard of living for farmers, stabilise markets, ensure the availability of supplies and reasonable prices for consumers.

growth challenges. One main factor of success appears to be the clear common framework, which is deemed to be more flexible and responsive than rural development measures. Regarding implementation, several hubs highlighted the important role of producer organisations (POs), which they advise to further strengthen.

It is interesting to note that generally, the hubs consider the Regulation on the Common Organisation of the Markets to be more efficient than the **Rural Development Policy** ([Regulation EU 1305/2013](#)) to overcome challenges faced by rural areas. This proves once again that the fluctuation of agricultural market prices has a huge impact on the economic development of rural areas. However, the effectiveness of individual measures and instruments varies considerably, being at a high level for *LEADER* programmes, *knowledge transfer and information actions* and *farm and business development* and at a particularly low level for *Natura 2000 and Water Framework Directive payments, technical assistance and risk management*.

The main proposals of the hubs for improving the CAP's impact on territorial development of rural areas are the following:

- **Generational renewal is key to the future of European agriculture.** Therefore, it should be considered as an overarching objective in the next programming period. It is rather poorly addressed by the current CAP measures and mechanisms. The payment for young farmers is an incentive but is not sufficient. The EU structural policies should address structural problems such as limited access to land and/or to credit for young people and should generally aim at improving the attractiveness of rural areas.
- Policymakers should strive to **simplify both procedures and criteria.** For almost all measures dealt with in the RegHub consultation, hubs report administrative burden as a primary constraint to their implementation. Administrative burden here is not only meant as time-consuming procedures and implied management difficulties. In several cases, it also refers to complicated eligibility criteria, which are difficult to be verified or even to be clearly defined / interpreted. Hubs note several times that the effort required to access support is disproportionate with respect to the amount of the support, and that this discourages participation.
- The **harmonisation of the Structural Funds' operating rules** via the Common Strategic Framework<sup>4</sup> would facilitate rural development programming and management by simplifying administrative procedure and control.
- The majority of the hubs underline that there is a **higher potential for a regional programming of Rural Development (RDP)** in targeting the territorial specificities of a region and farmers' needs, but also in terms of involvement of local stakeholders and of communication/dissemination activities. Also, hubs report that important know-how related to the preparation, negotiation and management of rural development programmes has been gained by regional authorities. They thus advocate that it makes sense to preserve and build on this knowledge.
- **The CAP should be evaluated at the sub-regional level.** An assessment at lower levels of government is deemed necessary mainly because of the existence of local specificities and/or wide differences across individual sub-regions.
- According to a majority of hubs, **coherence and complementarity of CAP instruments and measures with other EU policies should be improved.** The European support for rural areas is falling sharply and the European Structural and Investment Funds (ESIF) could be used even more effectively to reduce disparities between rural and urban areas. There should be more opportunities

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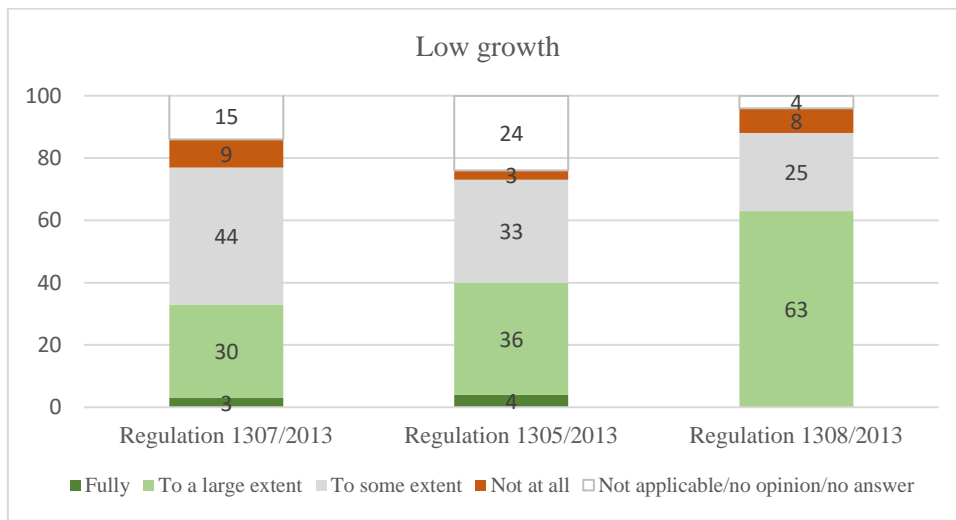
<sup>4</sup> The [Common Strategic Framework](#) Regulation aims at coordinating the use of the Structural Funds in view of the Europe 2020 and cohesion goals.



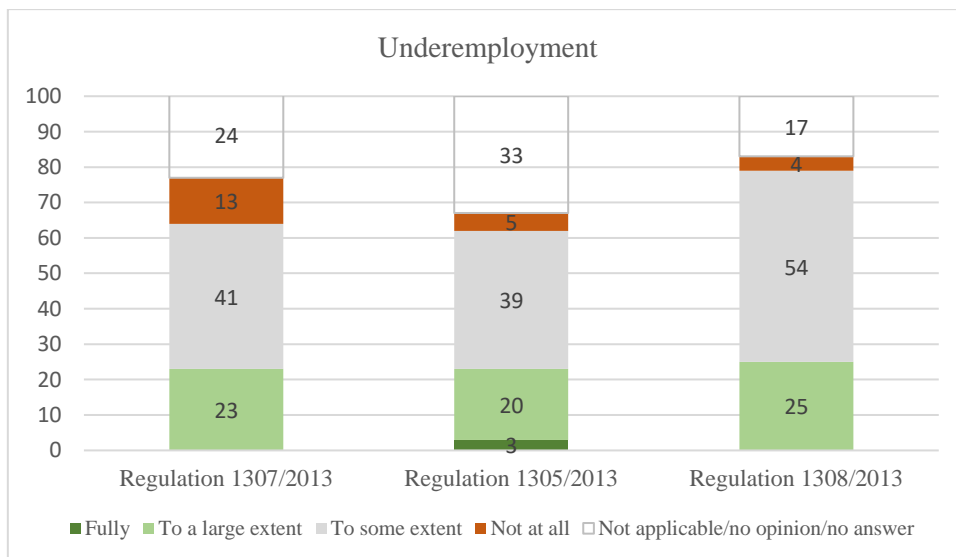
for an integration with the European Rural Development Fund (ERDF) and the European Social Fund (ESF), taking into account that challenges faced by urban areas may be faced by rural areas as well.

- **Hubs deem EU trade policy to be not coherent enough with CAP objectives** as international trade agreements are causing potential threats both to the competitiveness of local products and to food quality and safety. According to the hubs, the impact of EU trade agreements on subnational actors in rural areas needs still to be determined and requires systematic research.

*Figures 2 – 7: Rural area challenges addressed by CAP Regulations*



*Figure 2 Summary: Low growth addressed by CAP Regulations*



*Figure 3 Summary: Underemployment addressed by CAP Regulations*

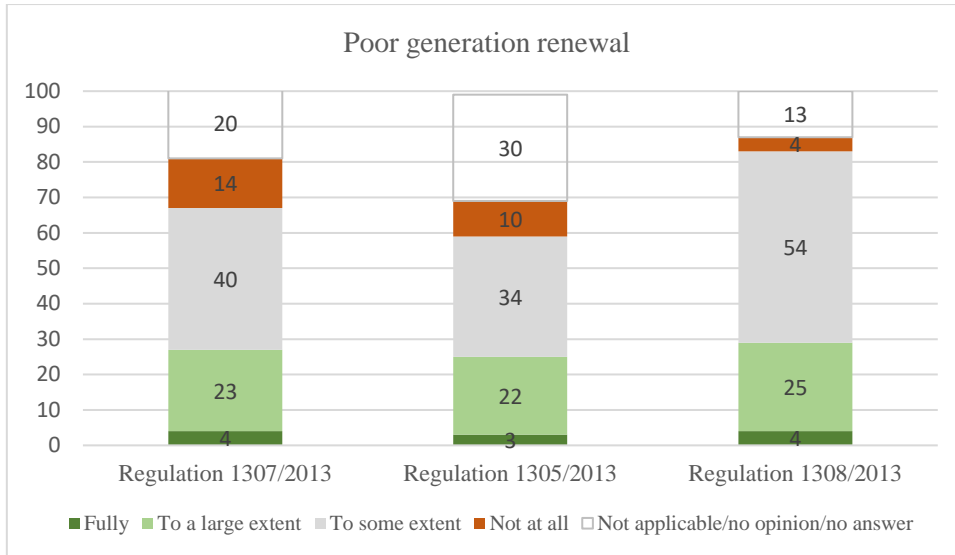


Figure 4 Summary: Poor generational renewal addressed by CAP Regulations

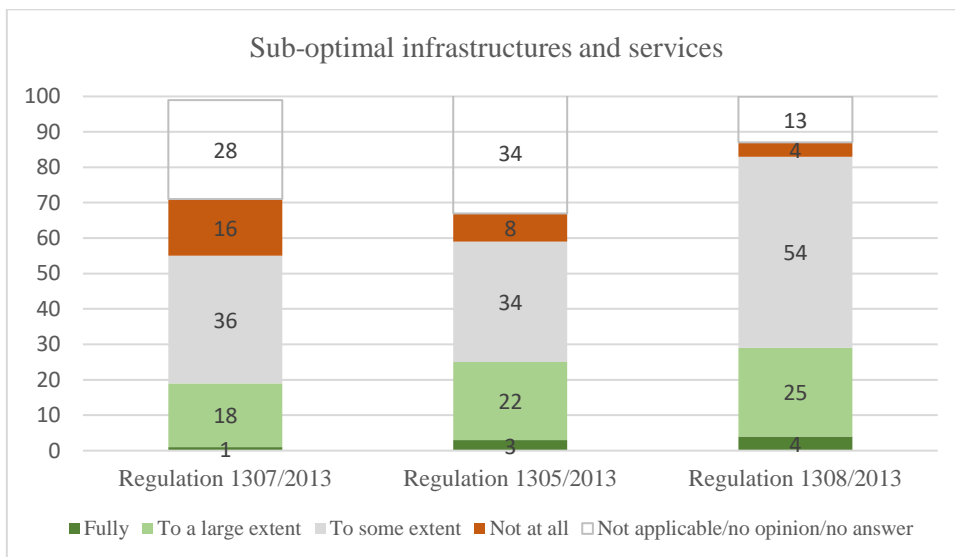


Figure 5 Summary: Suboptimal infrastructures and services addressed by CAP Regulations

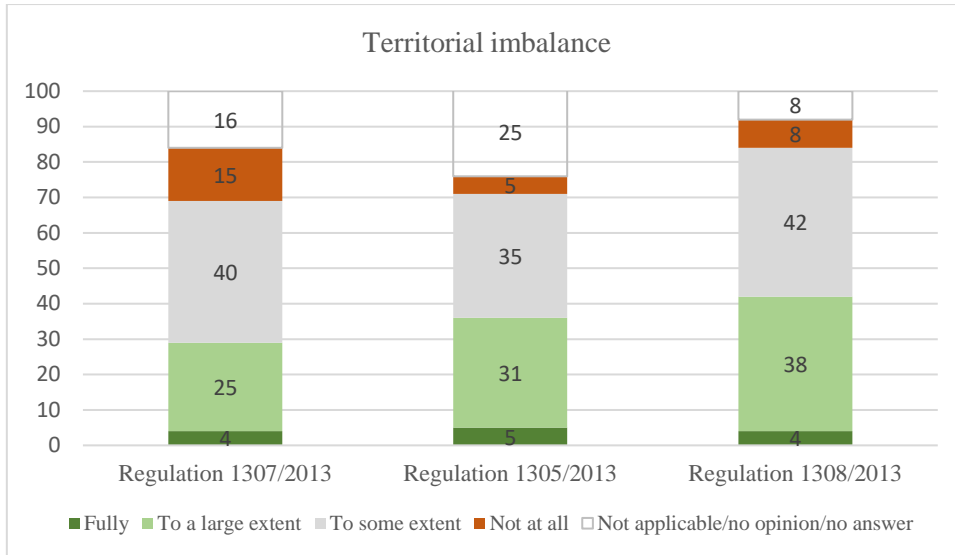


Figure 6 Summary: Territorial imbalance addressed by CAP Regulations

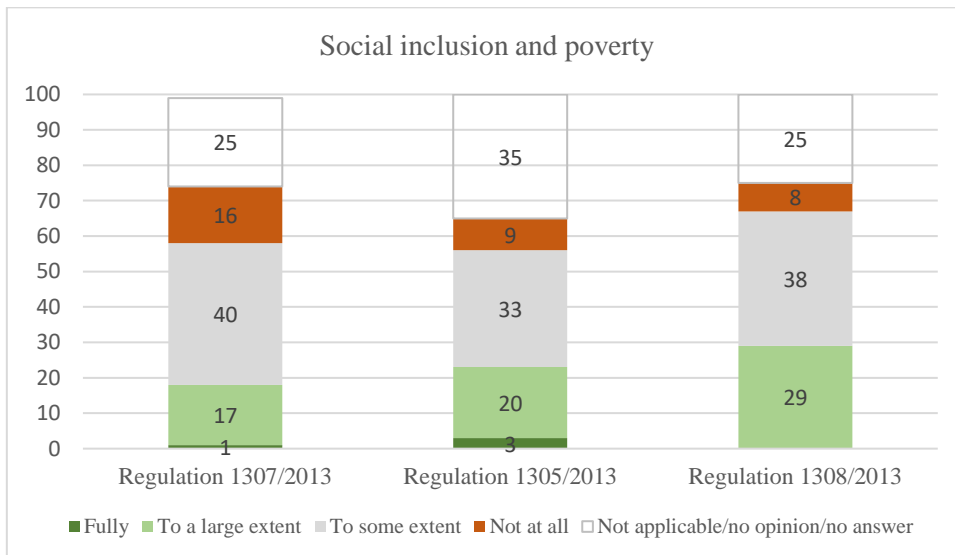


Figure 7 Summary: Social inclusion and poverty addressed by CAP Regulation

## 2 Introduction

### 2.1 Why does this report matter?

One of the European Union's (EU) main objectives is to strengthen its economic, social and territorial cohesion. The Treaty on the functioning of the European Union (TFEU) requires the EU to promote harmonious development and to seek to reduce disparities. The TFEU also calls for ensuring a fair standard of living for the agricultural community, in particular by increasing the individual earnings of people engaged in agriculture (Art. 39 TFEU).

Rural and intermediate areas account for 90% of the EU's territory, are home to 60% of its population, generate 49% of its gross value added and play host to 56% of its jobs<sup>5</sup>.

Europe is at a crossroads: Brexit and its budgetary consequences, the emergence of new challenges, and the rise in Euroscepticism could lead to traditional policies being called into question<sup>6</sup>. In this context, the Common Agricultural Policy (CAP), one of the EU's major policies, is at a turning point too. For European agriculture must produce more and better, but with fewer resources and in more difficult conditions than ever before – adapting to the effects of globalisation, mitigating the impact of climate change, and tackling demographic challenges. Among the many challenges identified for the future CAP, a better territorial balance between rural and urban areas is, of course, a central concern for the European Committee of the Regions (CoR).

The CoR is apprehensive to note that the [Seventh Report on Economic, Social and Territorial Cohesion](#) still records a significant development lag between urban and rural areas, that poverty is more pronounced in rural areas than in urban areas and that the sense of abandonment in rural areas often translates into growing Euroscepticism.

Faced with these findings and their potential negative consequences for the cohesion of European territories, the CoR is exploring if the CAP could be used more effectively to reduce these inequalities. This RegHub consultation adds to the evidence gathered by the CoR and thereby contributes to a clearer illustration of opportunities for and constraints to balanced territorial development.

The CAP is intended to contribute to balanced territorial development through a series of measures. Those measures aim to reduce the gap between the incomes of the agricultural sector and that of other sectors<sup>7</sup> through supporting economic development, employment, growth, poverty reduction and social inclusion in rural areas. All measures are financed as part of the EU **Rural Development Policy** ([Regulation EU 1305/2013](#)). **Direct payments** ([Regulation EU 1307/2013](#)) to farmers are also intended to help support a diversified agricultural sector and balanced territorial development.

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<sup>5</sup> [https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/eu-rural-areas-primary-sector\\_en.pdf](https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/eu-rural-areas-primary-sector_en.pdf)

<sup>6</sup> For Common Agricultural Policy, sustainable and supportive at the service of farmers, consumers and the territories - COR brochure

<sup>7</sup> [https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/agri-statistical-factsheet-eu\\_en.pdf](https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/agri-statistical-factsheet-eu_en.pdf)

## 2.2 How did this report come about?

The European Commission has launched an evaluation of the CAP impact on territorial development of rural areas, which is part of a series of evaluations of the performance of this policy against its general objectives<sup>8</sup>. More specifically, the Commission assesses the extent to which CAP instruments and measures have contributed to balanced territorial development in rural areas, focusing on socio-economic aspects such as social inclusion. This evaluation will feed into the 2021 report to the European Parliament and the Council on how the CAP is performing, and serve further policy development in this area.

The CoR strives to contribute to this evaluation and to extend the consultation also to other structural funds, because the CoR notes that European support for rural areas is falling sharply and that the way the European Structural and Investment Funds (ESIF) are being used, is exacerbating the disparities between urban and rural areas.<sup>9</sup> Moreover, the following analysis supported the CoR opinion on "[EU strategy for rural revival](#)", which has been adopted during the CoR's December 2020 Plenary Session. This own initiative opinion will feed into the new long term strategy for rural areas which is foreseen for adoption by the European Commission in 2021.

## 2.3 Structure of the report

As has been the case for the survey questionnaire ([Annex II](#)), the report is structured along the aforementioned three main Regulations, potentially contributing to mitigate and meet the challenges rural areas are facing. Each of the following chapters will first explain the context of each Regulation, then present the main findings that have been aggregated from the respondents' answers to the survey and finally go into more detail by recurring on specific answers provided by the members of the RegHub network.

The first analytical [Chapter 3.1](#) on 'general questions' will give a first overview on the development of the agricultural sectors in the participating regions and the challenges they are widely facing. [Chapter 3.2](#) will then focus on Direct Payments' impact on rural challenges, [Chapter 3.3](#) summarises the findings on the Rural Development Policy and [Chapter 3.4](#) deals with the Common Organisation of the Markets. Finally, [Chapter 3.5](#) looks into the coherence of CAP Regulations with other EU policies.

## 2.4 Methodology

This RegHub survey was conducted from 5 May 2020 to 15 June 2020. The consultation was done via an online questionnaire with 187 questions and sub-questions, out of which 143 were open questions. Although a geographical balance was taken into account when RegHub was set up in 2018, it does not constitute a representative statistical sample of local and regional authorities (LRAs) across the EU. Consequently, the results of this consultation should not be interpreted as being statistically representative. Acknowledging this basic element, the CoR has focused on questions that could provide significant qualitative answers. Out of the 36 members of the Network of Regional Hubs' pilot phase, 24 took part ([Annex I](#)).

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<sup>8</sup><https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/1950-Evaluation-of-the-impact-of-the-CAP-on-habitats-landscapes-and-biodiversity/public-consultation>

<https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/11834-EU-farm-policy-Evaluation-of-its-impact-on-sustainable-management-of-the-soil-public-consultation>

<https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/1951-Evaluation-of-the-impact-of-the-CAP-on-water/public-consultation>

<https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/2138-Evaluation-of-the-Common-Agricultural-Policy-s-impact-on-territorial-development-of-rural-areas-socioeconomic-aspects>

<sup>9</sup> For Common Agricultural Policy, sustainable and supportive at the service of farmers, consumers and the territories - COR brochure

Each hub was free to consult relevant organisations and stakeholders within its constituency. The majority (79%) of the participating hubs consulted stakeholders within their respective regions. Alentejo involved the highest number: 44 distinct stakeholders on the specific aspects of the consultation. Overall, **more than 200 public and private stakeholders** were involved to different degrees in the consultation by the hubs. An overview of the consulted stakeholders can be found in [Annex I](#).

### 3 Analysis

#### 3.1 General questions

##### 3.1.1 Development of rural areas during the 2014-2020 programming period

In order to determine the development of rural areas in general, the hubs were asked to evaluate the development of rural areas in their respective regions during the 2014-2020 programming period, as compared to the development of urban and intermediate areas.<sup>10</sup> In particular, they were asked to comment on the following indicators : evolution of population, poverty, youth unemployment, provision of public services and economic development.

##### *General trends*

Although several hubs mentioned some positive developments over the given period, the majority reports globally negative trends. Negative trends are mentioned particularly for the evolution of the population and the provision of public services.

##### *Detailed results*

The majority of hubs report a negative development of their rural areas during the 2014-2020 programming period (Northern and Western Regional Assembly, Brod-Posavina, Veneto, Friuli Venezia Giulia, Thessaly, Kosice Self-governing Region, Brandenburg). The **Autonomous Province of Bolzano/Bozen** and **West Pomerania** indicate an overall positive evaluation of rural development over the given period.

	Negative trends reported by	Positive trends reported by
<b>Evolution of population</b>	Kosice Self-governing Region, Brandenburg, IBK, Alentejo, Community of Valencia, Thessaly, Friuli Venezia Giulia, Veneto	Community of Madrid, Harghita
<b>Poverty</b>	Brandenburg, Community of Madrid, Harghita	Brittany, West Pomerania, Valencia, Autonomous Province of Bolzano/Bozen, IBK
<b>Youth unemployment</b>	Kosice Self-governing Region, Alentejo, Community of Madrid	Brittany, Brandenburg, Valencia, Friuli Venezia Giulia, Autonomous Province of Bolzano/Bozen, IBK
<b>Provision of public services</b>	Kosice, West Pomerania, Community of Valencia, Thessaly, Friuli Venezia Giulia	Harghita, Autonomous Province of Bolzano/Bozen
<b>Economic development</b>	Brittany, Brandenburg, Thessaly, Ialomita, Harghita	Alentejo, Autonomous Province of Bolzano/Bozen

Table 1 Development of rural areas in RegHub regions

<sup>10</sup> The current urban-rural EU urban-rural typology [hyperlink] uses a three-step approach to classify NUTS 3-regions into urban, intermediate and rural areas.

Among the explicit negative trends reported, hubs mention:

- lower GDP growth (Brittany, Thessaly, Brandenburg );
- lower income than in urban areas (Brittany, Veneto, Community of Madrid, Thessaly, Brandenburg);
- lower employment rate (Brittany, in particular with regard to women; Veneto, Friuli Venezia Giulia, Community of Madrid, Thessaly) and
- antiquated and understaffed services (Thessaly).

### 3.1.2 Development of the agricultural sector during the 2014-2020 programming period

In addition to the general development of rural areas in their regions, hubs were further asked to evaluate the development of the agricultural sector in their respective regions over the 2014-2020 programming period.

#### General trends

The general trend of a continuous depopulation of rural areas is mirrored also in the indicators for the development of the agricultural sector. A majority of hubs has identified the following trends: a decreasing number of farms, an increasing average size of farms, an increasing average age of farmers and a decreasing average income of farmers, relative to the overall development of incomes.

#### Detailed results

Replies are very diverse. Some hubs report a negative development of their agriculture during the 2014-2020 programming period (North Rhine-Westphalia, Thessaly, Community of Valencia, Brandenburg, International Lake Constance Conference ('IBK'), whilst the **Northern & Western Regional Assembly** and **Ialomita** report no major changes. **Brod Posavina** as well as **Alentejo** indicate an overall positive evaluation of the development of the agriculture sector over the given period.

	Negative trends reported by	Positive trends reported by
<b>Number of farms</b>	Brittany, Veneto, Friuli Venezia Giulia, Harghita, Community of Madrid, Community of Valencia, Helsinki-Uusimaa, West Pomerania, Brandenburg, IBK	Alentejo
<b>Farmers income</b>	North Rhine-Westphalia, Harghita, Thessaly, Community of Valencia, Brandenburg, IBK	Brittany, Friuli Venezia Giulia, Community of Madrid, West Pomerania ; Alentejo
<b>Farmers age</b>	Brittany, Veneto, North Rhine-Westphalia, Friuli Venezia Giulia, Harghita, Community of Madrid, Thessaly, Community of Valencia, West Pomerania, Brandenburg, IBK	Alentejo

Table 2 Development of the agricultural sector in RegHub regions

Among the explicit negative trends reported, hubs mention:

- a lack of the amount of land devoted to agriculture (Brittany, Community of Madrid, IBK) and
- an increasing volatility of farmers' incomes (Brittany).



**Veneto**, on the other hand, reports a positive trend regarding the amount of land devoted to agriculture and that production increased in value.

### 3.1.3 Main challenges faced by rural areas

Regional hubs were further asked if and to what extent their rural areas were affected by the aforementioned six main challenges related to the socio-economic dimensions of the CAP, derived from a background document of the Commission on ‘[Modernising and Simplifying the CAP](#)’.

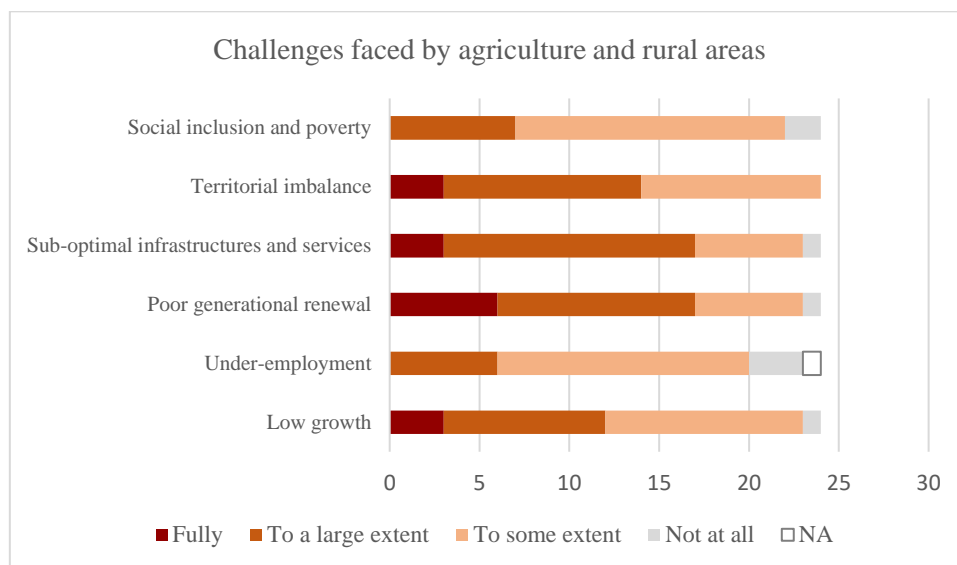


Figure 8 Challenges faced by agriculture and rural areas

Figure 8 above displays the answers of respondents to the question whether and to what extent the rural areas in their territory are facing the aforementioned challenges. Their answers confirm that generational renewal, sub-optimal infrastructures and the lack of provision of public services are the most important challenges faced by regions followed by territorial imbalance between rural and urban areas.

Other challenges considered important by the hubs are:

- climate change (Alentejo, Ialomita, IBK, Emilia-Romagna) – the mentioned hubs report that, so far, environmental sustainability and climate change are not addressed sufficiently, leading to a need for evolution/adaptation of the CAP regulations;
- an incongruence between the society’s demands towards agriculture and its willingness to pay for agricultural products (Brandenburg, IBK);
- insufficient (clean) mobility (IBK, Brittany, Flanders) for people living in rural areas. On the one hand, mobility is considered an infrastructure necessary to reduce rural abandonment; on the other hand, mobility is mentioned in the context of energy transition: rural areas must not be excluded; islands (generally remote areas) face further problems of accessibility (Dubrovnik);
- a need to take into account environmental aspects such as soil quality, water quality and supply, landscape quality, and biodiversity (Flanders, Harghita, Ialomita); **Ialomita** and **Thessaly** point in particular to the irrigation systems to cope with draught in their regions– more generally, weather dependency of agriculture;

- a lack of digitalisation and access to technology (Community of Valencia, Dubrovnik);
- a lack of formation and training centres (Thessaly);
- competition for land by non-agricultural use and urbanisation (IBK, Mazovia, Brandenburg);
- unfair competition caused by imported products, which do not achieve local standards but are sold at lower costs, resulting in unprofitable producer prices (IBK, Brandenburg);
- inter-sector competition for work-force: other sectors can pay better salaries for skilled work (Brandenburg);
- too strict environmental protection and production safety requirements (Brandenburg);
- unfair trading practices: producers have limited bargaining power due to the increasing concentration of agri-food industries and, in particular, of large-scale retail (IBK, Brandenburg, Thessaly);
- structural problems: **Thessaly** reports fragmentation of infrastructure due to fragmented producer communities operating with non-standardised products.

### 3.2 Evaluation of the European Direct Payment Scheme (Regulation EU 1307/2013) impact on the territorial development of rural areas

#### 3.2.1 Context

Article 39 TFEU sets out the specific objectives of the CAP:

- To increase agricultural productivity by promoting technical progress and ensuring the optimum use of the factors of production, in particular labour;
- To ensure a fair standard of living for farmers;
- To stabilise markets;
- To ensure the availability of supplies;
- To ensure reasonable prices for consumers.

The EU provides farmers with income support or “direct payments” to fulfil these objectives. Farmers generally receive income support based on their farm’s size in hectares. All EU countries have to offer a basic payment, a payment for sustainable farming methods (“greening”) and a payment to young farmers. Additionally, EU countries can choose to offer other payments that focus on specific sectors or types of farming. There are specific schemes designed to help small and medium sized farms; young farmers; farmers who operate in areas of natural constraint and/or agricultural production sectors undergoing difficulties.

In this context, regional hubs were asked which measures of the EU Direct Payment Regulation they consider to have addressed the aforementioned challenges faced by rural areas, i.e. to determine whether and how the objective of territorial cohesion as set out in the Treaties has been achieved.

#### 3.2.2 Main findings

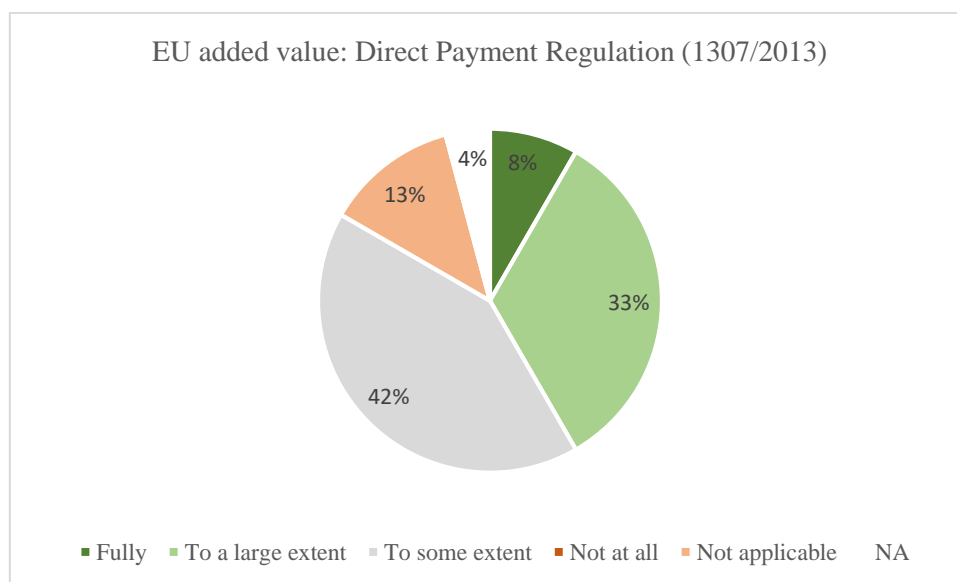


Figure 9 EU added value: Direct Payment Regulation (1307/2013)

- The majority of hubs (42% - 'to some extent') considers that the Direct Payment Regulation only marginally creates EU added value with regard to overcoming rural areas' challenges;
- Payments to Young Farmers (PYF) are evaluated as having have the highest effects on poor generational renewal. The effect of other measures is judged as being very limited;

- none of the measures of the European Direct Payment Regulation are considered by the hubs to have a significant effect on the challenges posed by sub-optimal infrastructures and services;
- two measures of the first pillar are considered to have a significant impact on low growth: the PYF and the Basic Payment Scheme.

### 3.2.3 Detailed results

#### Definition of 'active farmers'

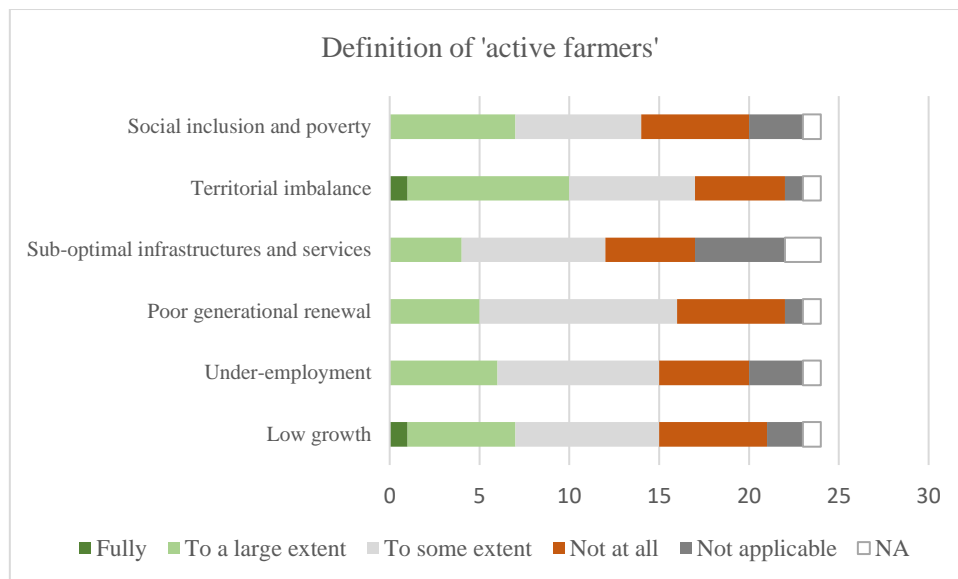


Figure 10 Definition of 'active farmers'

The definition of *active farmers* has received the highest number of 'not at all' replies with respect to its suitability in addressing rural areas' challenges. Many hubs recognize that the definition might be helpful to better target direct payments, prevent misuse and support farmers who are genuinely working in the agricultural sector. However, several hubs such as the **IBK** and the **Community of Valencia** point to the fact that the administrative classification will neither change the reality of farming in a given region or Member State, nor will it effectively address the challenges rural areas are facing.

Some hubs even consider such classification detrimental to targeted support for rural areas. **North Rhine-Westphalia**, **Emilia-Romagna** and the **Autonomous Province of Bolzano/Bozen**, for example, note that the definition is not flexible enough and might disadvantage part-time farmers and thus weaken remote rural areas, where overall lower payments apply and small farms have to diversify their activities. The latter hub argues that the definition should thus be widened to include part-time workers - smallholders and family-run farms, who keep rural areas alive.

On the other hand, **Flanders**, **Brittany** and **Friuli Venezia Giulia** believe that the definition helps in correctly channelling funds to committed farmers, genuinely working in the sector. **Veneto** adds that focusing aid on 'active farmers' may lead to a relative increase in their number and would subsequently help raise the interest of young people in agricultural activities. The **Community of Madrid** and **Thessaly** stress the need to encourage a better training of farmers in order to add value to the profession and make farming, and the resulting food chain, more profitable.

## Degressivity and capping

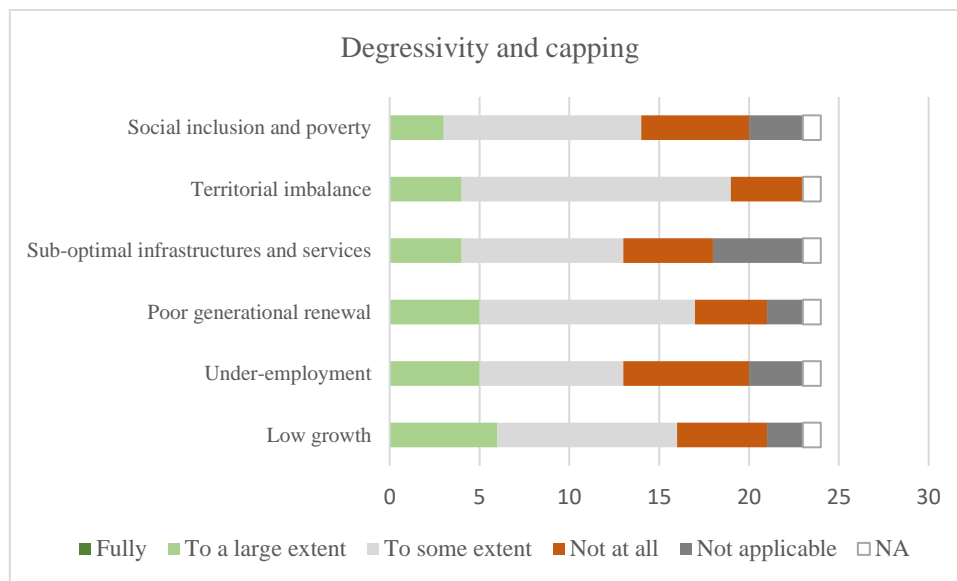


Figure 11 Degressivity and capping

On average, only 19% of the responding hubs consider *degressivity and capping* to address ‘to a large extent’ the challenges rural areas are facing (no hub reported that the measures would ‘fully’ address the challenges). Similarly, to the definition of active farmers, the number of ‘not at all’ replies among hubs is very high, indicating limited positive effects of the measure on rural development and the reduction of territorial disparities.

Generally, the evaluation of *degressivity and capping* by a given hub largely depends on the prevalent structure of its agricultural sector and the relative share of agriculture as an economic activity. Consequently, some (small-scale farming area) hubs like the **Autonomous Province of Bolzano/Bozen** and **Vorarlberg** (part of the IBK) consider these measures insufficient to fill the gap between small-scale and large-scale farming.), while others like **Brandenburg** and **Thessaly** even consider their impact to be negative with regard to the competitiveness of and employment in rural areas.

Regarding competitiveness, **Brandenburg** argues that within a given (large-scale) regional agricultural structure, it is unlikely that the theoretical positive effects for smaller farms can offset the negative impact *degressivity and capping* have on large-scale farms. Reduced direct payments for large farms in regions where large-scale agri-business prevails could result in a jeopardizing of employment and value creation in those regions. **Thessaly** further fears negative impacts of capping measures on its rural population, the socio-economic balance, and employment and on generation renewal.

Contrary to this, **Baden-Württemberg** (part of the IBK) reports that capping and *degressivity* have a positive impact in the region because they favour its prevailing small-scale farming structure. **Vorarlberg** (part of the IBK) considers this impact as irrelevant for its *very* small-scale farming sector.

Many hubs such as the **Northern & Western Regional Assembly**, **Helsinki-Uusimaa**, **Flanders** and **Ialomita** note that the measures have no relevant impact on their farming sector over the current period because the farms do not reach the ceiling for capping.

Several hubs mention that the reduction of payments as a mean to reduce geographical and resource-based inequalities between groups of producers will not foster production and productivity, nor will it have an impact on the standard of living in rural areas or their age structure (e.g. West Pomerania, Brittany).

### **Basic Payment Scheme and Single Area Payment Scheme**

The basic payment scheme is an income support for farmers engaging in agricultural activities. There are two different types of schemes:

- the **Basic Payment Scheme (BPS)**
- the **Single Area Payment Scheme (SAPS)**, a simplified transitional scheme. In Bulgaria, Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Poland, Romania and Slovakia, the SAPS is used instead of the BPS. The SAPS is a transitional measure stemming from the accession treaties of the specific country. In the SAPS, there are no payment entitlements, instead, the *support paid is solely based on the eligible hectares declared by farmers* and the level is the same for all hectares in the country

Hubs were asked whether the BPS has contributed to address the challenges faced by rural areas and, if so, which factors have enabled or prevented its success.

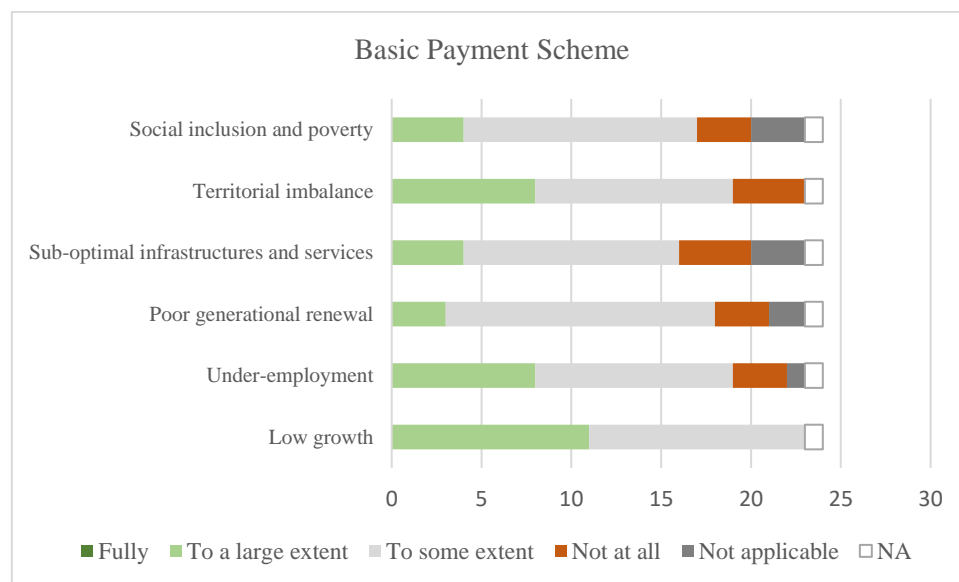


Figure 12 Basic Payment Scheme

The *Basic Payment Scheme (BPS)* is mostly considered useful to address all mentioned challenges but altogether it is believed to be too general and unfocused. It therefore has triggered a very high number of ‘to some extent’ replies. Several hubs have mentioned one obvious reason for this: since the agricultural sector only accounts for a small share of the overall income in most regions, financial support to this sector can only partially address the challenges rural areas as a whole are facing.

A majority of hubs consider basic payments as a consolidated, simple and reliable source of income that can help improve farms’ financial situations and mitigate low growth, underemployment and poor generational renewal. Hubs also report different levels of goal-achievement with regard to the challenges mentioned and display different understandings of the purpose of direct payments.

- According to **Brandenburg**, the BPS goes beyond the actual economic performance of farms but is also reflected in indirect benefits to rural areas, induced for example, by rental payments to landowners.
- The **Community of Madrid** considers the BPS as an insurance to the continuity of the agricultural sector.

- **Flanders** and **West Pomerania** point out that the BPS is foremost a measure to ensure food safety and affordable prices rather than substitute income for farmers. **West Pomerania** emphasizes that basic payments are currently well-designed but that they should not form the main element of income from farming, because this would create negative incentives with regard to productivity.

Contrarily to most other hubs, **Thessaly** considers direct payments to be more effective in addressing social inclusion and poverty than the other challenges.

With regard to implementation, the main identified driver of success seems to be the fact that the BPS is a consolidated and automatized income support system, able to compensate competitive disadvantages and sustain sector incomes (Brandenburg, Emilia-Romagna, Brod-Posavina, Community of Madrid). **Vorarlberg** (part of the IBK) and the **Autonomous Province of Bolzano/Bozen** positively evaluate the fact that payments are linked to the cultivated area (instead of produced quantities), which allows to preserve agricultural activity even in more difficult/remote areas, such as alpine pasture.

For **Brittany** such an adequate appropriation seems not to be achieved because aid decoupled from income overlooks the different needs of farms, such as production costs. **Flanders** considers land-related payment as problematic for another reason: the link with cultivated land does not allow rewarding innovative businesses, developed on small surfaces.

Besides the above-mentioned insensitivity to the needs of particular farming business models, hubs report the following negative incentives caused by the BPS:

- Distortions of the property market due to a path dependency with regard to notions of historical rights and data, which favours static holdings over more dynamic ones and thus leads to a system of entitlement hampering sectorial dynamism (Friuli Venezia Giulia, Emilia-Romagna, and Community of Valencia). Furthermore, in **Baden-Württemberg** (part of the IBK) an increasing share of land is leased, leading to basic payments granted to landowners instead of farmers.
- **Baden-Württemberg** (part of the IBK) assumes that basic payments could even have negative effects on generation renewal because some farmers might keep working in order to receive the payment.

Moreover, the **IBK** reports practical implementation problems: the exclusively electronic processing and the large number of requirements poses high burdens to the application process.

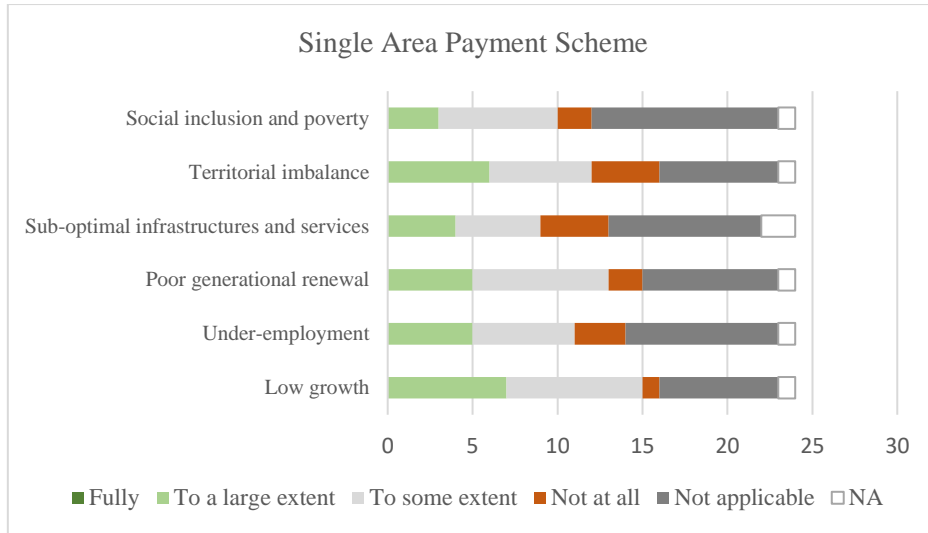


Figure 13 Single Area Payment Scheme

According to **West Pomerania**, the *Single Area Payment Scheme (SAPS)* mechanism is similarly well-designed as is the BPS. However, the hub reports a wide variation between EU-15 and new Member States, which puts new (Eastern European) Member States at disadvantage, lowering their ability to compete on the European agricultural market. Moreover, according to **Alentejo**, it provides no incentives for good performance, since it 'rewards' only farm size, which is granted once per year for each eligible hectare. **Ialomita** reports that such kind of untargeted help leaves most stakeholders unsatisfied: farmers are discontent with the amount of support they receive, and landowners and tenants are not remunerated adequately because there is no quantification of support. Moreover, production-related external costs are not taken into account, which leaves concerned third parties uncompensated.

**Redistributive payment**

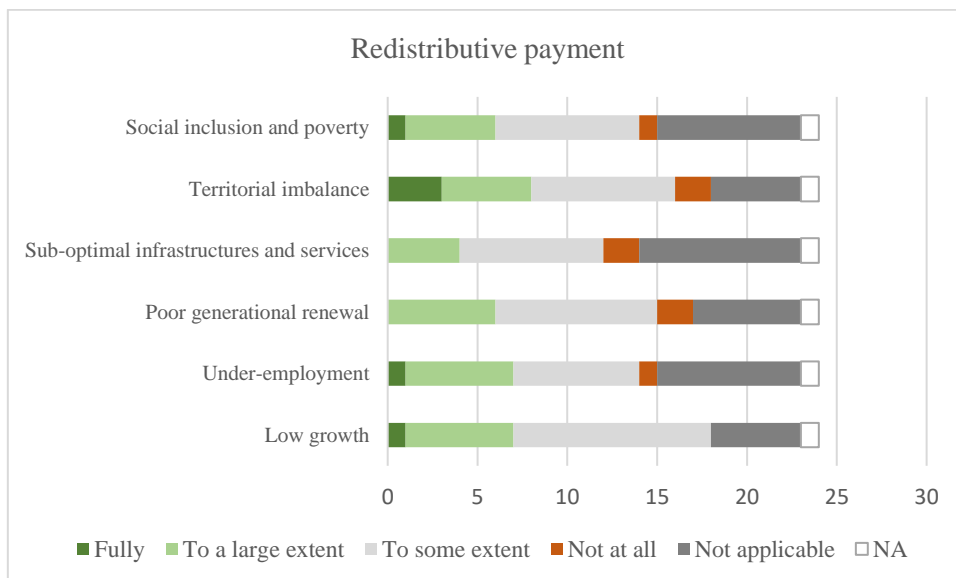


Figure 14 Redistributive payment

The *redistributive payment*, if applied, is generally considered useful to help mitigate the disadvantages small and medium farmers have to cope with. It is believed by the hubs to address 'fully' or 'to a large



extent' most of the challenges, with the exception of poor generational renewal and sub-optimal infrastructures and services.

The hubs' views diverge both on the effectivity of the measure at large and on their effect with regard to socio-economic problems and challenges. In fact, only **Brittany** considers the redistributive payment to 'fully' address some of the challenges faced by rural areas (and is joined by Alentejo on the question of territorial imbalance). This is due to the highlighted role redistributive payments play for the prevalingly family-run small farms structure of its agricultural sector. Consequently, 'small-structured' regions such as **Brittany** and **Brod-Posavina** consider redistributive payments to be vital for maintaining family-owned farms and prevent land abandonment. For **Brandenburg**, on the contrary, this payment potentially weakens larger farms, since it results in significant outflows of funds, which are then granted to less-profitable smaller farms, accounting for only a small share of employment. **Baden-Württemberg** (part of the IBK) indicates that all of its farms receive the redistributive payment and that it therefore causes no distortions with regard to competitiveness.

Most of the regional hubs agree that this type of support is useful but not sufficient, since it does not make the sector more attractive for newcomers and contributes little to addressing the structural socio-economic problems of rural areas. With regard to implementation, drivers of success are not clearly outlined. Among the main identified constraints are:

- being linked to the wrong criteria (Brandenburg suggests considering other criteria such as labour force per hectare, livestock unit per hectare, or the number of permanent workers);
- an insufficient allocation of resources (Autonomous Province of Bolzano/Bozen, Brittany, Community of Valencia);
- difficulties in management and in achieving the proper distribution of aid (Community of Madrid) and onerous and complex procedures (Ialomita)

The overall evaluation depends again on farm structure (e.g. Brandenburg vs Brittany, i.e. family-owned businesses vs. large farms).

## Payment for agricultural practices beneficial for the climate and the environment

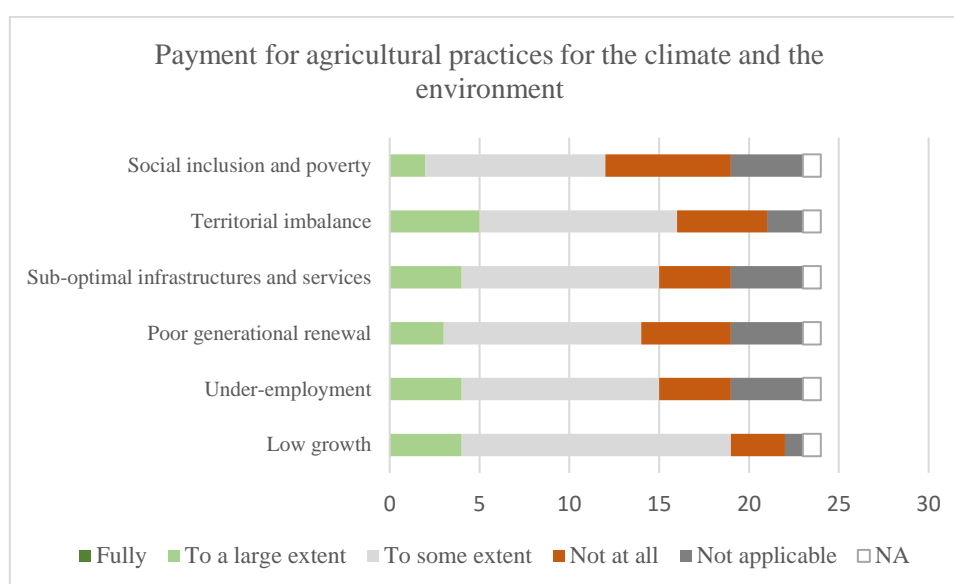


Figure 15 Payment for agricultural practices for the climate and the environment

*Payment for agricultural practices beneficial for the climate and the environment* is considered by several of the hubs (48% on average) to address ‘to some extent’ rural areas’ socio-economic challenges. The number of ‘not at all’ replies is high. Naturally, due to the environment-focused intention of those payments, they can only have limited direct effects on socio-economic indicators. Many respondents, such as **Flanders**, the **Community of Valencia**, **Emilia-Romagna** or **Ialomita** point this out.

Nevertheless, some hubs indicate repercussions in the socio-economic sphere that can potentially be linked to the payments. The **Autonomous Province of Bolzano/Bozen**, for example, reports that in alpine environments - thanks to the aid granted - farming, landscape preservation and tourism attractiveness can be maintained and any support given to extensive farming practices in the province, generates development, jobs and growth prospects across all economic sectors. Similarly, **Thessaly** emphasizes the importance of payments for agricultural practices, which it deems to solve most of the problems affected farmers encounter. Furthermore, taking into account the increasing necessity to adapt farming practices because of climate change (events), the hub stresses that the payments should be included in investment and business measures under the Rural Development Programme and that the data on which the payments are based should be updated.

**Baden-Württemberg** (part of the IBK) confirms a compensatory effect of the payments for disadvantaged types of farming but remarks that the current design of payments does not fundamentally change the behaviour of farmers with regard to their environmental performance. The latter finding is also shared by Ialomita, reporting that farmers meet the payment criteria in order to comply but that the measures themselves are not seen as being environmentally efficient. In a similar vein, **Flanders** explains that such minimum compliance with environmental requirements is due to the fact that farmers, in order to obtain the greening premium, have to make additional efforts for which they are not compensated and which translate into higher costs. Therefore, they opt for a minimum of effort. This is further underlined by **Brittany** stating that *"these payments are not sufficiently incentivizing and do not fully take into account the risks involved in a change of practice"*.

**Brandenburg** takes a different position, focusing on the costs resulting from the environmental requirements linked to the payments. More concretely, it states that *"the introduction of the climate change and environmental protection requirements has impaired the effectiveness of the first pillar for growth, income and employment, as farms are forced to leave production factors unused or bear*

*additional costs*". Similarly, **Vorarlberg** (part of the IBK) reports that the positive income effects of the payments are reduced due to the environmental requirements and that those requirements are often not compatible with well-established (national) environmental programmes. In this regard, **Vorarlberg** and **Flanders** indicate that new money for new requirements would be a better incentive than the more burdensome earmarking of existing funds.

As has been pointed out before, the ability of greening payments and requirements to meet socio-economic challenges such as poor generation renewal or social inclusion and poverty, seems limited in the eyes of respondents. With regard to the implementation of the measure as such, the main success is the diversification of crops, the reduction of monocultures and reduced use of pesticides and fertilizers (Thessaly), as well as a raised awareness of farmers to implement practices that conserve the environment and thus rural livelihoods in general (Flanders and Alentejo). Moreover, the **Community of Valencia** reports that the measure prevents a "*spontaneous uncontrolled afforestation of the territory*". In terms of practical implementation, however, several constraints are identified:

- several practices that are beneficial for climate change and the environment are not eligible for funding (Brod-Posavina County, Alentejo);
- a lack of professional training on new farming practices for farmers (Thessaly);
- difficult implementation of over-complex production guidelines (Catalonia and Emilia-Romagna) and more generally excessive administrative burden related to the compliance with environmental requirements (Brandenburg, Community of Valencia, North Rhine-Westphalia);
- The Autonomous Province of Bolzano/Bozen and the Community of Madrid further point to considerable management and calculation problems. For example, the **Autonomous Province of Bolzano/Bozen** reports that the introduction of ecological focus areas has caused major difficulties for the calculation of uncultivated features.

The **IBK** further stresses that the payments (and thus requirements) should be strictly limited to measures that have proven most effective with regard to biodiversity and environmental preservation.

## Payment for areas with natural constraints

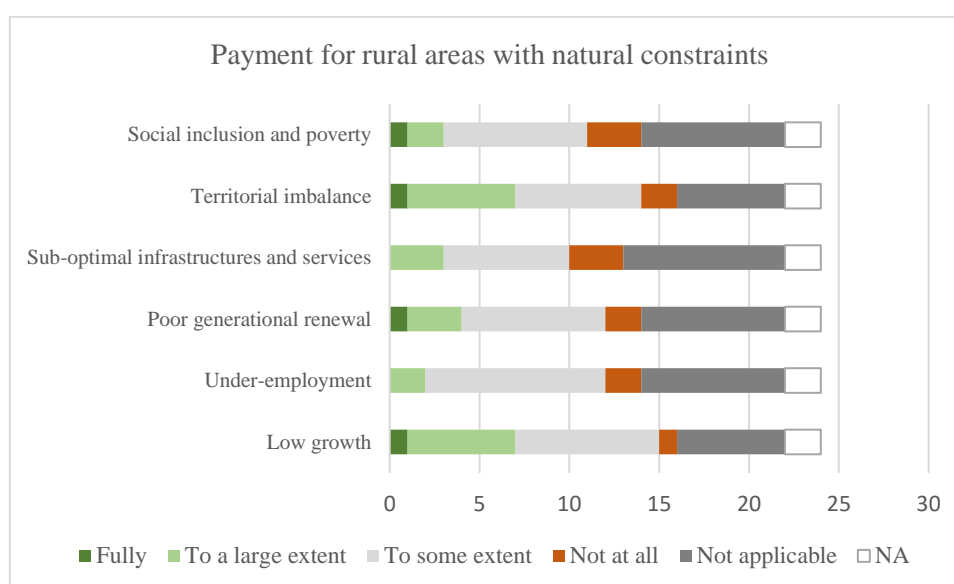


Figure 16 Payment for rural areas with natural constraints

The *payment for areas with natural constraints* (ANC) is applicable in approximately two-thirds of the hubs' territories. Opinions on its impact are consistently positive across hubs and no excessive administrative burden is reported. Nevertheless, only the **Community of Madrid** states it 'fully' addresses some of the socio-economic challenges faced by rural areas. The **IBK**, with its member regions having considerable shares of areas with natural constraints, considers the payments granted on these grounds a significant contribution to alleviating socio-economic challenges. Also **Brandenburg** and **North Rhine-Westphalia** state that the compensatory allowance for areas with natural constraints can mitigate the negative consequences of local conditions and safeguard employment and income in rural areas.

With regard to implementation, the main identified drivers of success are the simple application procedures as reported, for example, by the hubs of the **IBK** and **Brandenburg**. In terms of pay-out practices, different methods are applied across the RegHub network. **Baden-Württemberg** (part of the IBK) apply a 'single application procedure' for ANC payments, while **Vorarlberg** (part of the IBK) bases the payments on a broader set of parameters, determining the level of handicap individually for each farm. **Brandenburg** further emphasizes that basing the payment on a yield index is essential.

Although not at a general level, hubs identify several obstacles to the success and effectivity of ANC payments:

- **North Rhine-Westphalia** reports that the spatial definition of areas with constraints can be problematic, since it is based on plots, farms or administrative structures;
- **Thessaly** outlines that the fact that the beneficiaries' place of permanent residence is independent from the payment, can stand in the way of targeted support to the local communities in disadvantaged areas;
- The **Community of Valencia** – where the measure is not applied – remarks that the granting process involves too much bureaucracy for cooperatives and that the payments should rather be linked to projects than to a simple grant. Payments might be too small to grant the certainty needed for farmers in disadvantaged areas to sustain their livelihoods.

## Payments for Young Farmers

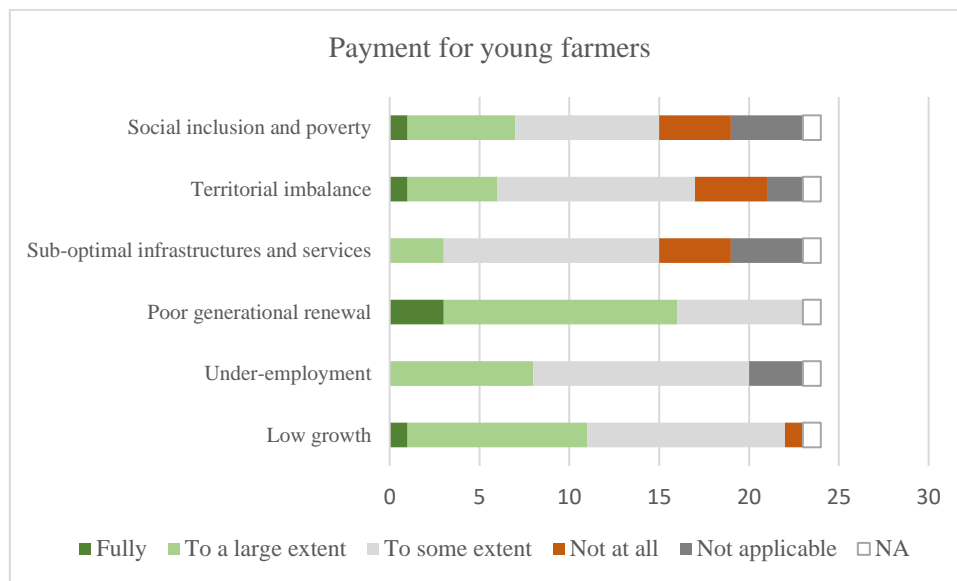


Figure 17 Payment for young farmers

One of the main goals of the *Payment for young farmers* (YFP) is to reduce the migratory outflow from rural areas and encourage young people to work in the agricultural sector and professionalise. It should thus be expected to have an impact on several of the socio-economic challenges faced by rural areas, and in particular on poor generation renewal. Comments on the scope of YFP are generally positive across regional hubs and the strongest overall effect is reported for 'poor generation renewal', with all respondents indicating that the measure addresses this challenge 'to some extent' (30%), 'to a large extent' (57%) or even 'fully' (13%). **Thessaly**, for example, reports that the YFP has contributed to generation renewal in the region and that farm competitiveness has been enhanced by creating farm-entrepreneurs capable to run a business. Concerning the 'bigger picture' of a rural exodus in some areas, however, **West Pomerania** and **Dubrovnik-Neretva** note that the incentives created by the payment alone are insufficient to reverse the migration trend. In addition, **Brandenburg** and **Ialomita** report that there are other factors such as the availability and affordability of land, which determine young people's engagement in farming.

Several other hubs note that the granted support by the YFP is insufficient (Thessaly, the Autonomous Province of Bolzano/Bozen). The **Autonomous Province of Bolzano/Bozen**, for example, reports that in Italy young farmers are mainly supported through the RDP and that the small budget dedicated to the YFP is dispersed across a high number of farms. What is more, due to the lower average size of farms in the province, its agricultural holdings receive less funding.

With regard to practical implementation, hubs identify the fact that it contributes to meeting the high financial needs that exist at the initial stage of the farming profession as a main driver of success. While it is agreed that the aim of securing access to entitlement for young farmers is met, the YFP is perceived as not being adequately resourced by some of the hubs. This is for example the case with regard to the comparatively high initial costs start-ups are facing, which are only partially set off by the payments. Other reported constraints to an effective implementation of the YFP and, thus, its contribution to addressing the challenges faced by rural areas, are the following:

- for **Brandenburg** the criteria for payment entitlements seem questionable: on the one hand, the year of birth is considered to be a straightforward criterion, on the other hand, stakeholders deem a certain level of qualification desirable; the latter is also shared by **Thessaly** and **Ialomita**, who note that a lack of training for young farmers presents a major constraint to sustainable implementation;

- in addition, **Thessaly** states that the three-year period young farmers are required to stay in agriculture is too short and that in the region a large proportion of young people leaves the sector after three years;
- the **Community of Madrid** notes that there remains space for improvement with regard to synergies between RDP measures and YFP measures, which are easier to comply with for young people;
- several hubs (e.g. Ialomita, Harghita and Baden-Württemberg) state that there are administrative burdens, which present obstacles to the granting of YFP; **Baden-Württemberg** (part of the IBK), for example, reports that the verification requirements to prove the status of "young farmer" are too complex.

### *Voluntary Coupled Support*

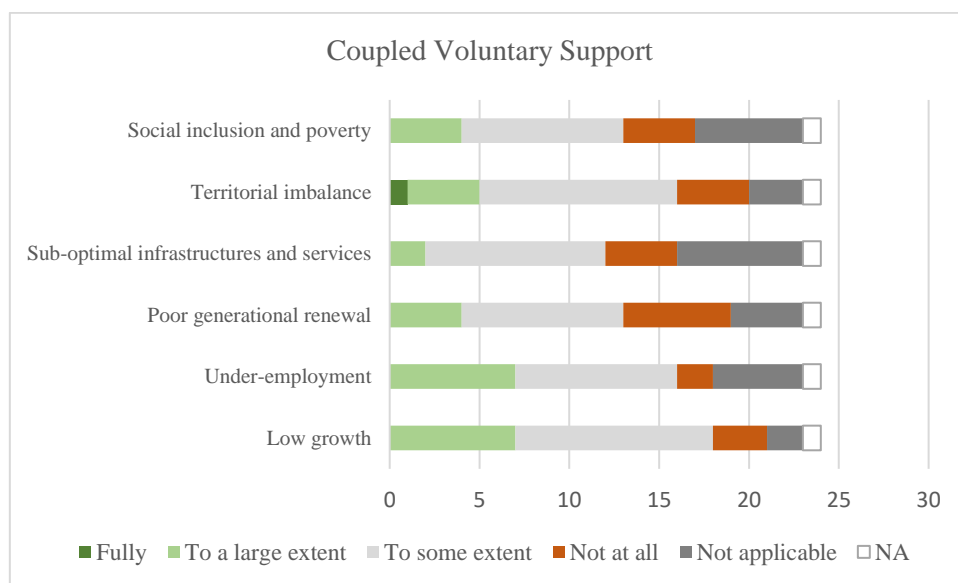


Figure 18 Coupled Voluntary Support

Prevalingly positive comments are made on the *Voluntary Coupled Support (VCS)*, when applied. Brittany, for example, states that "*coupled income support improves the competitiveness, sustainability and/or quality of certain sectors and production areas which are particularly important for social, economic or environmental reasons and which are experiencing difficulties*". Still, VCS is mostly assessed as addressing the challenges in rural areas 'to some extent'.

**Emilia-Romagna** states in this regard that the support substantially helps to maintain certain production sectors, but that this only has indirect effects on socio-economic challenges. For the **Autonomous Province of Bolzano/Bozen**, however, VCS is a key element for maintaining *real* agricultural activities in mountain areas: the required link between real agriculture, livestock breeding and farming, is considered essential to keep agriculture alive and secure the sustainable production of quality products. **Thessaly** further adds that in some cases, VCS enables specialization and thus the competitiveness of products. As a positive socio-economic consequence to this, the hub sees a higher demand for labour in certain areas. According to **Brittany**, competitiveness is also enhanced through the coupled support for protein crops, which yields a 'protein autonomy' for farms.

With regard to implementation, the main identified drivers of success are that VCS is relatively easy to obtain (West-Pomerania) and that it has tangible effects on the quality of products because it succeeded to strike a balance between their market value and production quantity (Thessaly) and overall can help

increasing rural incomes. Some hubs identify several shortcomings: e.g. it may only be granted for certain measures and products (Brod-Posavina, Flanders, Thessaly) and creates only a low return of granted aid with respect to rural areas' challenges (Emilia-Romagna, Friuli Venezia Giulia).

**North Rhine-Westphalia** reports that for sheep the measures of the second pillar are more adapted than the VCP. **Brittany** suggests that the ability to revise this aid on the basis of prices in order to enter into a countercyclical logic could further improve its effectiveness.

### *Small Farmers' Scheme*

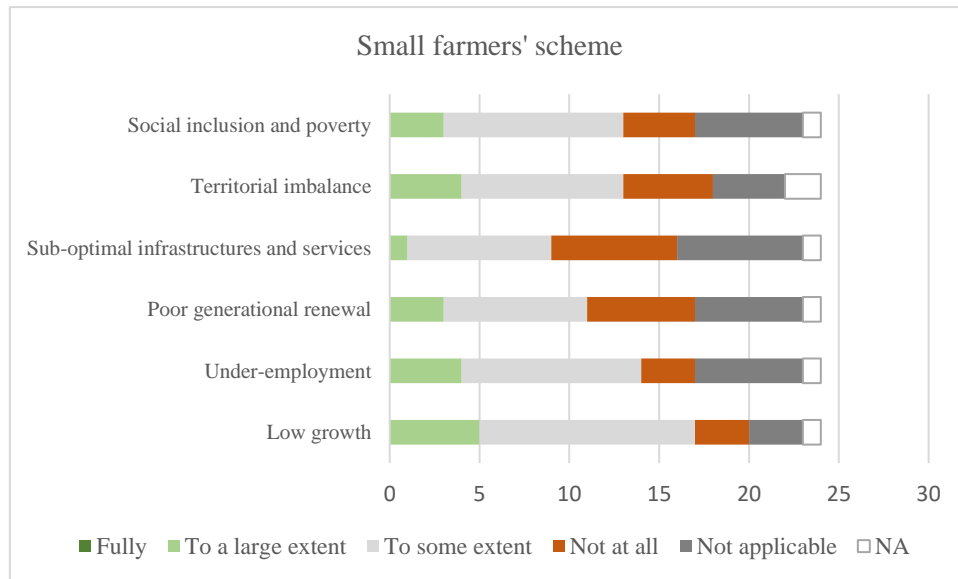


Figure 19 Small farmers' scheme

The *Small Farmers' Scheme* (SFS) is in general positively assessed by hubs whose agricultural sector is characterized by small farms, as it keeps some small farming activities viable and reduces the administrative burden that would otherwise be necessary to obtain income support. It is widely agreed among hubs that small farms are important actors in rural areas because they create jobs and sustain rural communities. However, the prevailing opinion is that the SFS is largely irrelevant to properly address rural areas' challenges, i.e. its contribution to growth and job creation is negligible. Only **Thessaly** reports that the SFS has substantially helped to further prevent social and economic inequality. Thus, the number of 'not at all' replies is high.

With regard to implementation, the main identified driver of success is the relatively easy application procedure and the reduced administrative burden regarding its management, both for the recipient and the administration (Community of Madrid, Community of Valencia, Brandenburg). The main identified constraints are the many legal conditionalities for accessing the scheme (Ialomita). The exemption from cross-compliance requirements is in turn not viewed positively by all hubs: **Baden-Württemberg** (part of the IBK), for example, perceives this as a problem from an environmental perspective.

As constraints to effective implementation, hubs mention the following:

- The amount of aid granted is too low (Thessaly, Brandenburg, Vorarlberg);
- Training for eligible farmers is lacking (Ialomita).

**Vorarlberg** (part of the IBK) proposes to take into account pillar 1 and pillar 2 and determine payment levels according to the different natural constraint zones. In order to further simplify its administration,

the SFS *"should be processed using a single application and annual confirmation, with a tolerance threshold and a maximum of two inspections during the commitment period."*



### 3.3 Evaluation of the Rural Development Policy (Regulation EU 1305/2013) impact on the territorial development of rural areas

#### 3.3.1 Context

The European Agricultural Fund for Rural Development (EAFRD) is the funding instrument of the CAP that supports rural development strategies and projects.

The three long-term rural development objectives for the 2014-2020 period include:

- fostering the competitiveness of agriculture;
- ensuring the sustainable management of natural resources, and climate action;
- achieving a balanced territorial development of rural economies and communities including the creation and maintenance of employment.

#### 3.3.2 Main findings

Regional hubs were also asked which measures of the EU rural development regulation had addressed the challenges faced by rural areas.

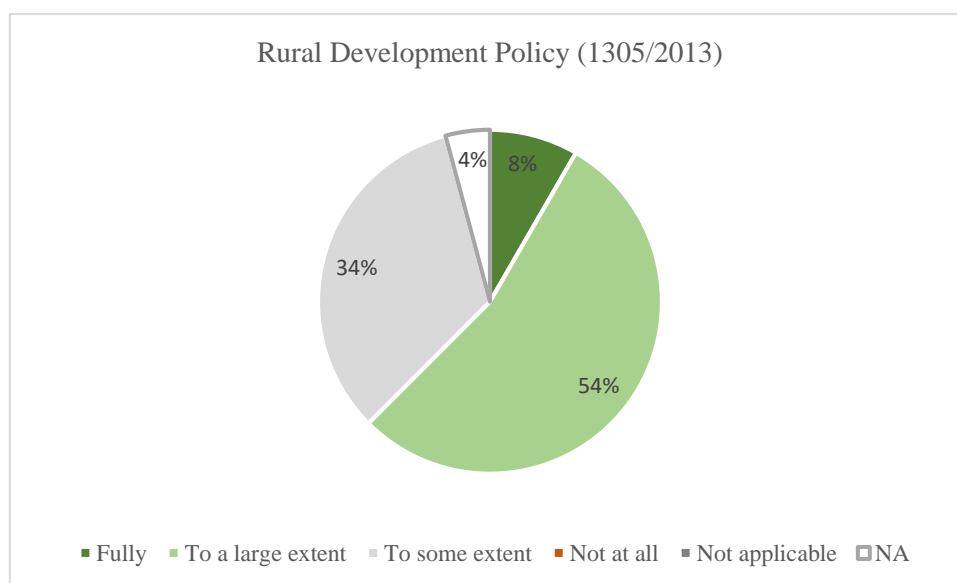


Figure 20 Rural Development Policy (1305/2013)

More than three-fifths of hubs considers that the rural development regulation creates added value to overcome rural areas' challenges.

- According to the hubs, the 3 measures of the Rural Development Policy (RDP) that contribute the most to overcome the challenges faced by rural areas are: Knowledge transfer and information actions, Farm and business development and LEADER;
- According to the hubs, the 4 measures of the RDP that contribute the least to overcome the challenges faced by rural areas are: Natura 2000 and Water Framework Directive payments, Forest-environmental and climate services and forest conservation, Risk management and Technical assistance;

- 75% of regional hubs believe that a regional programming of the RDP would better address the challenges faced by rural areas;

The majority of hubs also considers that a harmonisation of structural funds' operating rules would facilitate rural development programming and management.

### 3.3.3 Detailed results

#### **Knowledge transfer and information actions**

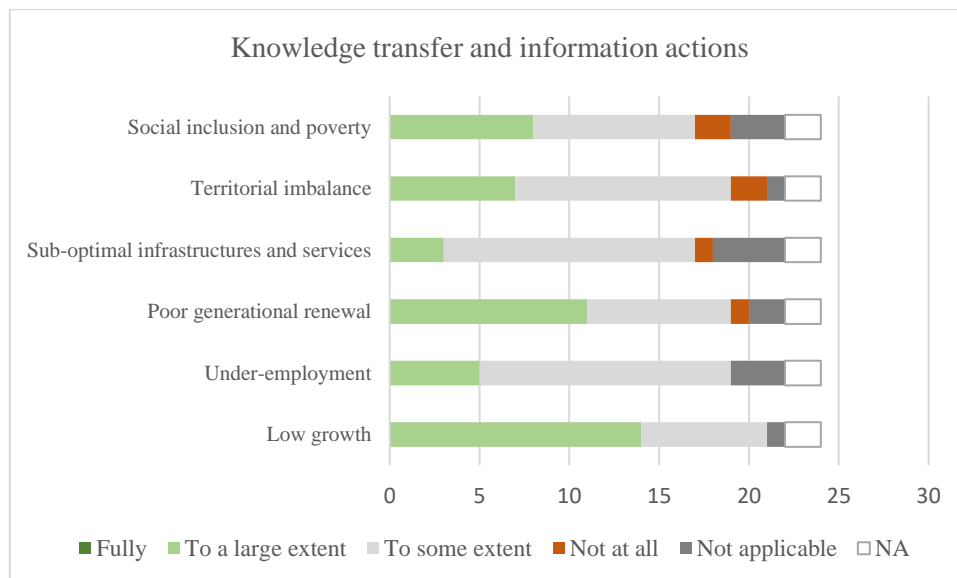


Figure 21 Knowledge transfer and information actions

*Knowledge transfer and information actions* are assessed by around one third of the regional hubs to contribute ‘to a large extent’ to rural areas’ challenges; in particular, they are considered to address low growth. Moreover, knowledge transfer and information are generally seen as essential resources for avoiding the divide between rural and urban areas and for rendering agriculture more productive and competitive. Consequently, there is an overall positive perception of all actions related to knowledge transfer, information and training – if targeted –, since they can contribute to achieve goals of professionalization and training and reach out to farmers in remote areas and support young farmers at the beginning of their careers:

- **Brandenburg** reports that through these measures, the quality of apprenticeships can be raised;
- **Flanders** indicates that its training delivers on improving the financial situation of farmer, preparing young farmers to work in the sector and to increase the understanding of environmental sustainability;
- **Flanders** and the **Autonomous Province of Bolzano/Bozen** have supported demonstration activities to disseminate, foster and develop innovative practices;
- **North Rhine-Westphalia** and **Baden-Württemberg** (part of the IBK) mention their use of the scheme for the professional involvement of women in rural areas;

- **Friuli Venezia Giulia** could deliver trainings across the whole region, including disadvantaged areas;
- The **Community of Madrid** used the measure to suitably qualify farmers through training requirements laid down in its RDP.<sup>11</sup>

**Ialomita** emphasizes the importance of knowledge transfer and trainings for small and medium-sized farms, which in most of Romania *"do not have sufficient knowledge of management methods, technology and modern production standards, especially in the livestock and horticultural sectors, and so they largely rely on traditional practices. Similarly, their familiarity, knowledge and skills with regard to modern, innovative methods for processing and marketing agricultural products, including through short supply chains, is insufficient to meet either market demand or European standards."* Consequently, the hub considers the existing schemes inadequate.

With regard to implementation, hubs identify several drivers of success:

- free access to courses of strategic relevance (Emilia-Romagna);
- a structured approach (e.g. through the catalogue of courses, the selection of topics with regard to their relevance for the rural development priorities, the use of the 'coaching' system in place) (Emilia-Romagna, Friuli Venezia Giulia, Community of Madrid);
- the possibility to provide service 'in-house', through the administration's own services (Community of Madrid);
- the relatively wide coverage of eligible costs (Community of Madrid).

Although widely perceived as generating positive effects, some constraints to effective implementation of knowledge transfer and information action measures can be identified:

- lack of broadband coverage (Brandenburg);
- shortage of (in-house) expertise in public bodies and services (Thessaly);
- significant delays in trainings in relation to business start-ups (Thessaly);
- lack of targeting (Thessaly, Community of Madrid).
- administrative burden caused by overly complex processes in the procedure (Brandenburg, Autonomous Province of Bolzano/Bozen, IBK) for the relatively small amounts of money granted; the **Community of Madrid**, for example notes, that the eligible costs that are in theory covered by the measure, are in practice hardly fully reimbursed;
- lack of transferability of knowledge (Community of Madrid): there is not yet a mechanism for the sustainable accumulation of knowledge and *"viewing transfers mainly in terms of training and dissemination makes it difficult to use impact indicators."*;
- the definition of "demonstration" under Article 14, and whether it should really not be an activity under Article 35, has furthermore led to confusion (Community of Madrid).

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<sup>11</sup> Article 23 of the Regulatory Bases stipulates that, to be eligible for employment aid, 50% of the 180 teaching hours required must have been completed.

## Advisory services, farm management and farm relief services

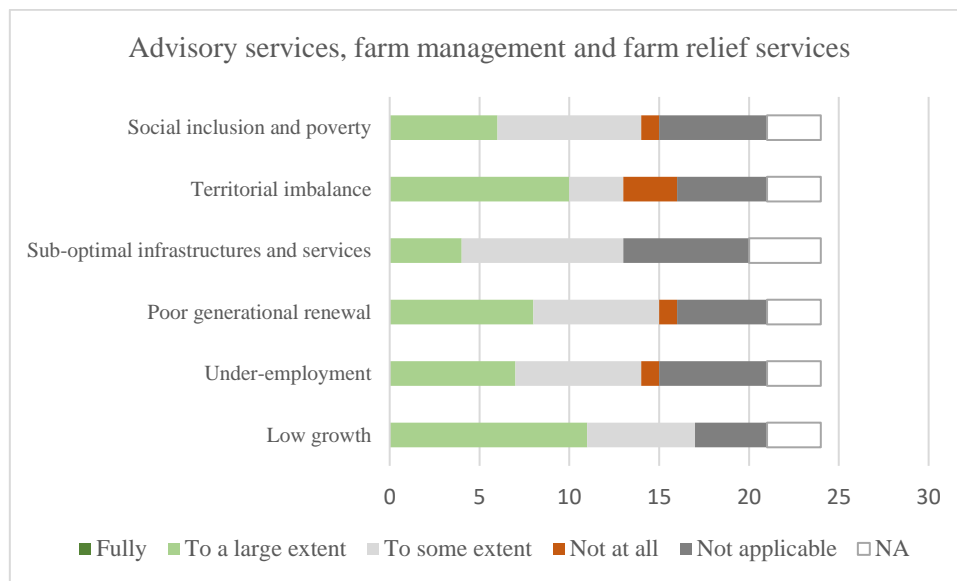


Figure 22 Advisory services, farm management and farm relief services

Advisory services, farm management and farm relief services are assessed by half of the responding hubs to address 'to a large extent' or 'to some extent' the challenges rural areas are facing. Comments on the goals set out by the measure are generally positive: it is widely agreed that qualified advice can potentially support existing farms as well as start-ups by providing them with business management expertise and stimulating innovation and entrepreneurship through passing on up-to-minute knowledge about e.g. the legal framework or targeted production advice to farms. Moreover, farm relief services are believed to be able to mitigate the risks and burdens resulting from events of illness. The **Community of Madrid** also considers it addresses territorial imbalances "by bringing knowledge closer to farms, overcoming the barrier that can result from the urban location of most of the knowledge generation and dissemination centres."

Notwithstanding the measures are considered highly relevant, the hubs note that due to administrative shortcomings at state level (reported by Friuli Venezia Giulia, Ialomita), funds committed through the services deployed under the measure do not always deliver the expected benefits (Brandenburg, Community of Madrid, Friuli Venezia Giulia). Moreover, the hubs report that in several cases farmers are reluctant to use these services, probably because they do not consider the advice provided as 'confidential' (West Pomerania, Community of Madrid, Thessaly, Brandenburg). The **Community of Madrid** elaborates this: "for the recipients of the advice, there is no clear added value compared to the paths they already use. Especially because the comprehensive advice sought by this measure requires a relationship of great trust between service provider and recipient. There is therefore a risk that the measure will not have an incentive effect and will only serve to co-finance advisory activities that would be equally successful without it."

With regard to implementation, the main identified drivers of success are similar to the ones mentioned for knowledge transfer and include:

- free access to services (Flanders);
- the simple support process (IBK, Brandenburg), for example through online application (Flanders);
- a structured approach (e.g. catalogue of services, wide range of topics covered) (Emilia-Romagna, Flanders);
- manufacturer-independent advice (IBK).

Among the main identified constraints are:

- administrative burdens for the managing authority (Friuli Venezia Giulia, Flanders, Community of Valencia, IBK);
- the lack of trust between service provider and recipient (Community of Madrid, Thessaly);
- delays in service delivery and the need to adequately train advisors i.e. to provide them with the skills necessary for targeted guidance vis-à-vis farmer-entrepreneurs (Thessaly, Madrid).
- the current mind-set of farmers (West Pomerania).

### *Quality schemes for agricultural products and foodstuff*

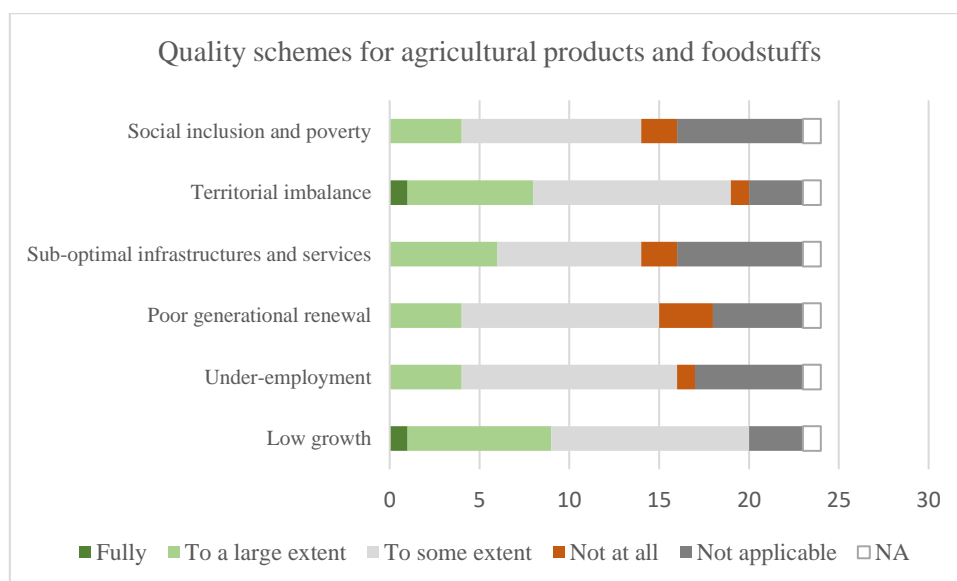


Figure 23 *Quality schemes for agricultural products and foodstuffs*

*Quality schemes for agricultural products and foodstuffs* are assessed by only a few of the regional hubs to address ‘fully’ or ‘to a large extent’ to rural areas’ challenges. The selection of the ‘to some extent’ reply prevails. Regional hubs selecting the ‘fully’ option do not elaborate on their choice. In addition, it appears that several of the comments relate to quality schemes in general, or those supported through national funding (Helsinki-Uusimaa), hence to measures, which are not necessarily implemented under Regulation EU 1305/2013.

**Emilia-Romagna** notes that although the scope of the measure is important, "*the possibilities for action offered by the regulation mean the measure is not very useful in terms of actually promoting quality products*". **Catalonia** adds that quality schemes may work as a driver for development only "*if the sector is already structured to some degree*".

With regard to practical implementation, the main driver of success identified by several hubs, is that the introduction and promotion of quality schemes provides better market opportunities for high-quality regional (niche) products and thereby foster innovation and tradition alike, and lead to better remuneration of all actors involved in a supply chain. However, the benefits related to quality schemes cannot always materialize because producers are facing both external and internal constraints. Regarding constraints inherent to the measure, several hubs state that the higher costs for producers, which are related to additional administrative efforts of documentation and accounting, standardization and monitoring, are not always offset by additional revenues (Emilia-Romagna, Brandenburg, Mazovia) with the cost-benefit ratio often being unprofitable (Catalonia).

**Catalonia** further reports that higher costs for producers and processors do not only apply during the initial but also during the maintaining phase, leading to most PDOs and PGIs being dependent on subsidies. Moreover, support is limited to the initial stage of joining the scheme (Friuli Venezia Giulia). With regard to the producers' ability to seize the potential benefits of participating in quality schemes, **Thessaly**, **Ialomita** and **Mazovia** report that many – and in particular older – producers are not aware of the schemes and/or their participation is hindered by IT barriers and a lack of culture and knowledge for producing quality products (Thessaly). This lack of awareness is further mirrored on the consumer side: consumers tend to favour less costly product alternatives provided by international competitors, who are not subject to higher costs attached to quality schemes (Brandenburg, Catalonia).

Furthermore, a poor availability of products that meet the quality scheme requirements is reported by **Mazovia** and a lack of quality controls by the competent services by **Thessaly**.

Only **Alentejo** expresses general concerns regarding the introduction of quality schemes: it says they – if not well adjusted – may have a negative effect on competition, putting smaller producers at disadvantage, as they cannot bear the related costs of joining and maintaining a quality scheme.

### *Investments in physical assets*

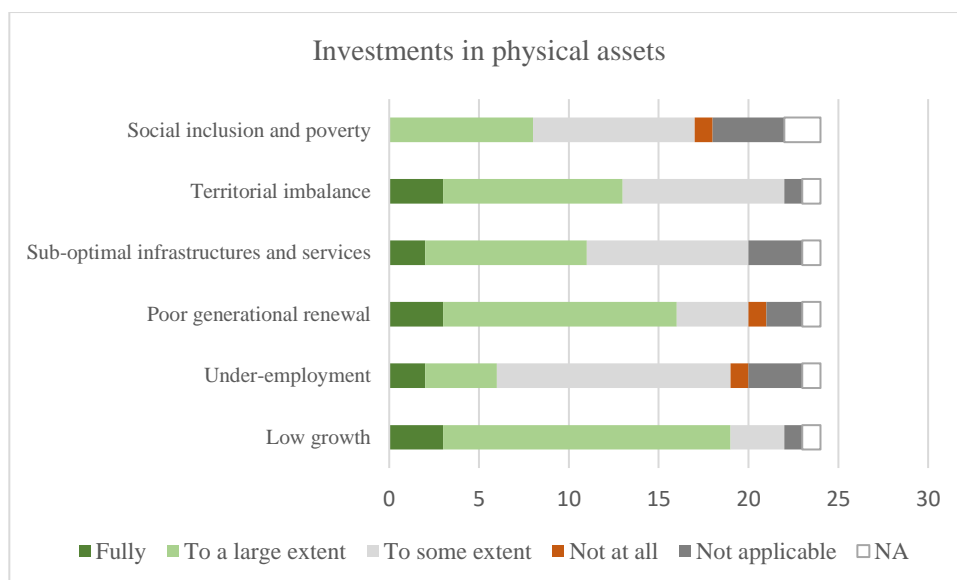


Figure 24 Investments in physical assets

There is a broad consensus among the hubs to consider *Investments in physical assets* one of the most important measures to address rural areas' challenges, and poor generational renewal in particular. Only positive comments on the impact of this measure are made. Most frequently mentioned is the fact that the modernisation of buildings and equipment can not only increase competitiveness and revenues, but also environmental standards, working conditions for farmers and animal welfare.

**Helsinki-Uusimaa**, for example, notes that due to the low profitability in the agricultural sector, it would be very difficult to make investments (for example, in buildings) without the support granted under this measure. The **Community of Madrid** points out that the investments in infrastructure and the related improvement thereof are necessary to increase social and territorial cohesion. The hub deems this to generate direct multiplier effects for economic activities in rural areas. This view is shared by **Friuli Venezia Giulia**, emphasizing the enhanced sectorial dynamism, which, it reports, has boosted the competitiveness of farms and helped improve its agro-forestry country-road network. With regard to

an increase in revenues, **Mazovia** reports that it expects a repayment period of 3 to 7 years in the form of an increased income of farmers.

With regard to the effective implementation of the measure, the main identified drivers of success include: a high support rate (Alentejo, which indicates a rate of 90%), and "*opportunities for targeted action on emerging themes, including for non-productive investments and/or investments in infrastructure*" (Emilia-Romagna).

The **Autonomous Province of Bolzano/Bozen** lists the measures applied (4.1, 4.2, 4.4) and considers them to address challenges to a large extent.

**Baden-Württemberg** (part of the IBK) lists several factors of success: effective selection criteria; requirements for livestock-farming (improvement as compared to the previous programming period); and it lists additional driving factors such as professional supervision of investment projects and the promotion of successful pilot projects via information and demonstration activities.

Although the support for physical investments is in principle assessed as a potentially powerful mean to enhance the competitiveness of the agricultural sector and thus release its potential to address socio-economic challenges, there remain several obstacles. The main identified constraints are by far and large administrative burdens introduced through complicated and overly bureaucratic procedures. The following aspects are reported:

- the lack of basic support, hindering take-up due to the high requirements to receive payment support (Brandenburg);
- high rigidity and complexity of access rules (Emilia-Romagna, Friuli Venezia Giulia, Mazovia) discourages the use of the measure;
- inappropriate conditions for the use of the funds (Kosice Self-governing Region);
- limited financial allocation, which is unable to respond to needs (Emilia-Romagna, Friuli Venezia Giulia, Mazovia, Catalonia);
- excess demand for aid by the agricultural and agro-industrial sector, which prevents other areas of investment (Community of Madrid);
- lack of bank programmes providing low-interest loans to agricultural holdings (Thessaly).

***Restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention***

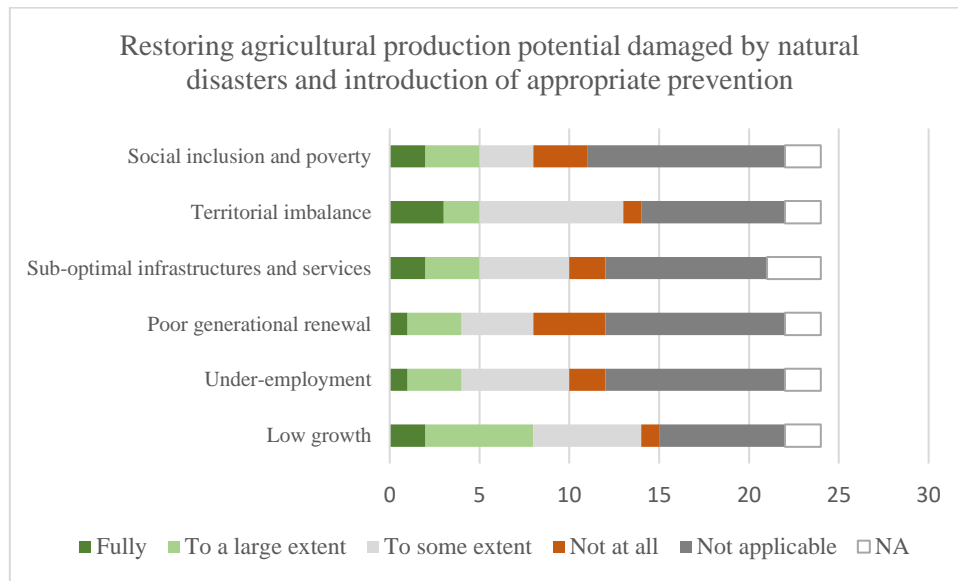


Figure 25 Restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention

For several hubs, *restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention* is not applicable. Still, this measure is considered by some hubs to address ‘fully’ or ‘to a large extent’ the challenges faced by rural areas. Generally, for the hubs applying this measure, the most evident benefit of the measure is the compensation for non-culpable damage, which could otherwise lead to immediate losses of livelihoods, natural production potential and jobs in rural areas and thereby further deteriorate structural problems. Consequently, several hubs indicate that it helps mitigate territorial imbalances. However, with regard to its implementation, it is reported that the measure is of limited effectiveness because it is not flexible (manageable) enough to adequately respond to extraordinary situations, such as floods or large-scale fires (Community of Madrid, Catalonia). Moreover, some hubs indicate that there is further room for improvement regarding the following aspects:

- aid should be sustainable and adapted to the location (Brandenburg);
- investments need to be increased to provide insurance against natural disasters (Dubrovnik-Neretva) along with reflections on competitive insurance schemes (Brittany);
- cases of significant loss should be better managed (Catalonia);
- there should be more investments in preventive actions, fostering the regeneration of areas facing unfavourable climate conditions (Brod Posavina);
- there is a lack of information provided to producers (Thessaly).



## Farm and business development

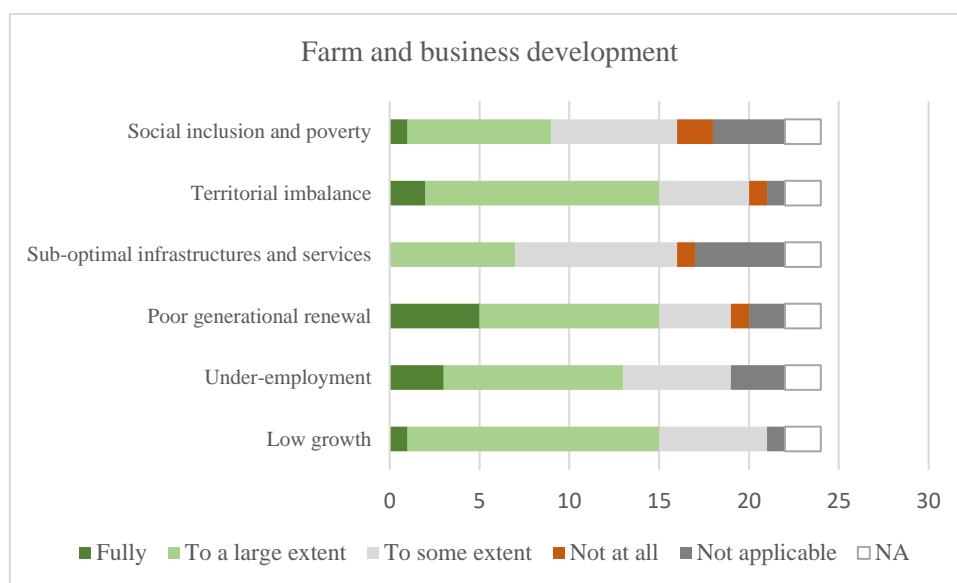


Figure 26 Farm and business development

*Farm and business development* is considered by regional hubs one of the most important measures, together with *Investments in physical assets*, to address rural areas' challenges. In several hubs' regions, the main objective of this measures is to support the establishment of young people in farming, make farming more attractive as a professional activity, and create new employment opportunities. This explains why poor generational renewal is the most mentioned challenged addressed. Other reported positive impacts include:

- the diversification of rural activities (farming and non-farming activities), which is deemed to counteract depopulation (Friuli Venezia Giulia, Catalonia, Emilia-Romagna; Baden-Württemberg<sup>12</sup>);
- the launch of new businesses (Friuli Venezia Giulia, Emilia-Romagna), creating employment and potentially to economic recovery of rural areas (Community of Valencia);
- targeted professionalization of (young) people taking up farming as a profession (Community of Madrid)<sup>13</sup>;
- synergies with the training measures under the 'Innovative measures for women in rural areas' scheme, with the goal to develop a higher share of female entrepreneurship (Baden-Württemberg and Autonomous Province of Bolzano/Bozen);
- support to social farming projects, which generate income opportunities for suitable farms (Baden-Württemberg);
- fostering the introduction of sustainable production methods, compatible with landscape preservation and environmental goals (Autonomous Province of Bolzano/Bozen);

<sup>12</sup> Baden-Württemberg (part of the IBK, DE) indicates that half of the funding paid out for "agricultural diversification" projects went to farms in non-disadvantaged areas.

<sup>13</sup>The Community of Madrid limits its support to farms that are most likely to remain active. This is in line with the Community's RDP, which supports the employment of suitably qualified farmers (see comments on knowledge transfer and information actions).

- enhanced competitiveness of small farms by means of professionalization (and consequently structural adjustment) and generation renewal (Thessaly, Ialomita, Flanders);
- modest take-up of activities related to the production of renewable energy sources (RES) (Emilia-Romagna, Friuli Venezia Giulia).

**Brittany** states that despite the positive effects on the attractiveness of farming as a profession and on the maintenance of agricultural jobs, its contribution to a 'genuine generational renewal' remains insufficient.

With regard to the practical implementation of the measures, the main identified drivers of success include: appropriate set-up support for start-ups under the Young Farmers Allowance (Alentejo, Brittany) and the possibility of adjusting interventions to local needs (Emilia-Romagna). Identified constraints to an effective implementation are:

- access to land and credit (e.g. the absence of bank programmes, offering low-interest loans), especially for young people to set up as farmers (Friuli Venezia Giulia, Community of Madrid, Thessaly);
- a lack of incentives for young people to move into rural areas, keeping the level of attractiveness and development of rural areas relatively low (Community of Valencia);
- arrangements proposed by the Young Farmers Allowance are not considered sufficient to incentivise well-defined projects (Brittany) and lack detailed needs assessment as basis for realistic business plans (Thessaly);
- **Baden-Württemberg** (part of the IBK) in this regard adds that appropriate support for project development is essential and that it therefore provides external supervision for projects above a threshold of EUR 100.000;
- a lack of education and information about the measure (Ialomita);
- administrative burdens reported in the context of eligibility criteria (Alentejo), a lack of flexibility in the recovery of aid (Community of Valencia) and rigidity caused to the collective management of wastewater;
- and by-products (Friuli Venezia Giulia); **Brandenburg** adds with regard to administrative procedures that it is important to keep application and settlement procedures as simple as possible;
- **Emilia-Romagna** and **Friuli Venezia Giulia** report that the measure has caused a revision of the Italian national incentive scheme for RES.

## Basic services and village renewal in rural areas

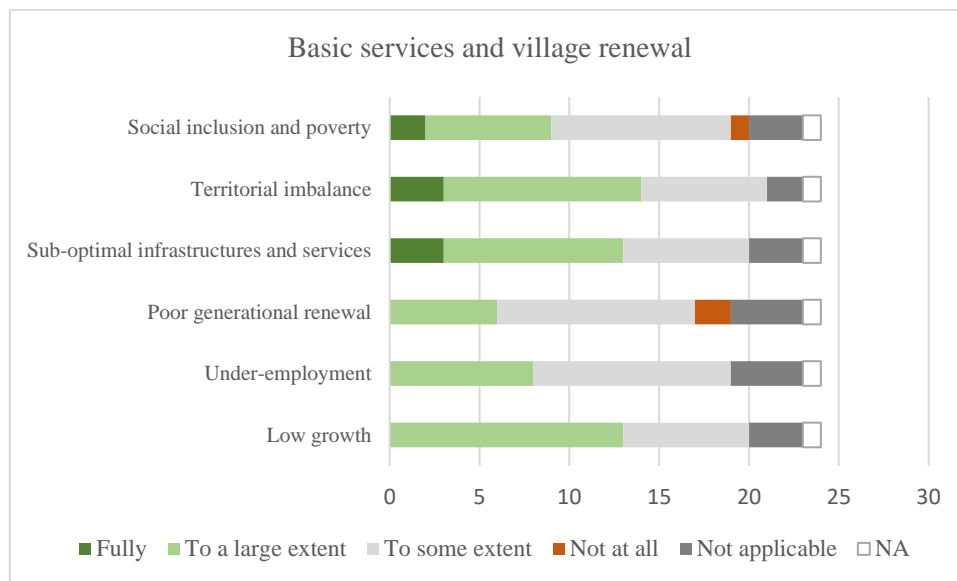


Figure 27 Basic services and village renewal in rural areas

*Basic services and village renewal in rural areas* are considered by about half of the responding hubs to address ‘fully’ or ‘to a large extent’ the challenges faced by rural areas. In particular, these measures are believed to contribute to improved living conditions and enhance the attractiveness and connectivity of rural areas, not only for tourists but also for young families and elderly people. High-speed broadband infrastructure deployment is one example for initiatives funded under this measure whose value lies in providing ‘support for public investment at a time of economic downturn’ (Emilia-Romagna, Friuli Venezia Giulia) and/or granting support to rural municipalities, which have only limited tax revenues and are therefore dependent on external support (Brandenburg, Mazovia, Community of Valencia). However, it is agreed that the measures provided by RDPs alone cannot fully meet the need to improve basic services in rural areas *sustainably* (Community of Madrid, Flanders).

With regard to implementation, the main identified drivers of success include: the possibility of tailoring interventions to local needs (Emilia-Romagna, Flanders), and an active involvement of local civil society and local authorities in seeking funds (Thessaly).

The main identified constraints for effective implementation are:

- heavy administrative burden and accountability requirements (Ialomita, Emilia-Romagna, Friuli Venezia Giulia), which are considered disproportionate to the size and results of the projects (Flanders, Mazovia, Community of Madrid, Emilia-Romagna); **Emilia-Romagna** and **Friuli Venezia Giulia** specify this for the timetables set out in the national procurement code;
- lack of planning at the level of rural areas (Mazovia) or not-aligned planning across local, regional and national levels (Alentejo);
- the fact that the EU instruments do not favour investment in smart villages in areas low population density (Alentejo);
- the lack of information and inadequate media coverage (Ialomita);
- the over average age of the population in rural villages, which means some IT tools cannot be used for information dissemination, leading to lower awareness (Thessaly).

The **Community of Madrid** reports only a limited scope of measures taken under the basic services measures; mostly related to training and promotion actions to encourage development in the Natura 2000 Network. In **Baden-Württemberg** (part of the IBK) and **Brittany**, village renewal measures are also implemented outside EAFRD funding. Brittany to this end cooperates with the national government and public investment banks and sets out detailed calls for projects each year.

### *Investments in forest area development and improvement of the viability of forests*

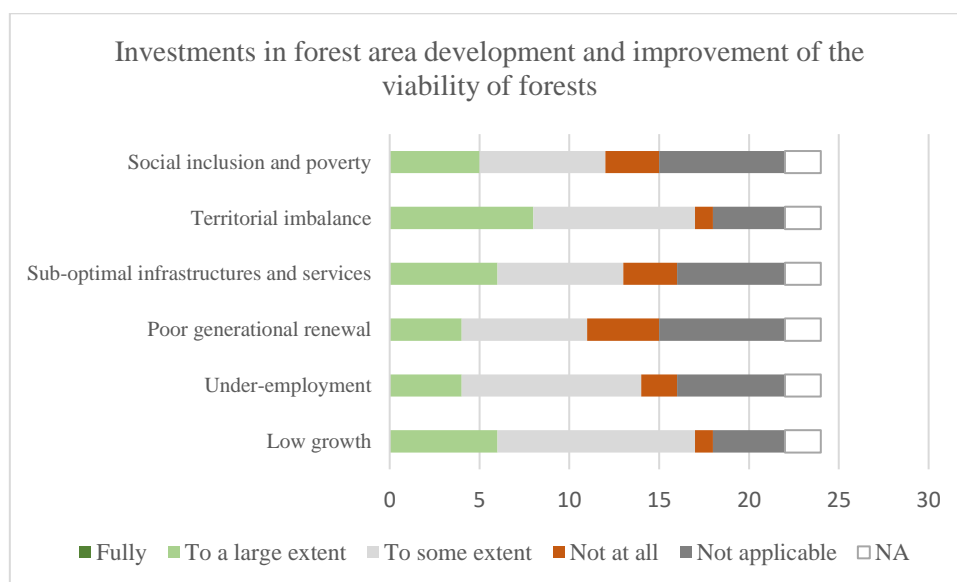


Figure 28 Investments in forest area development and improvement of the viability of forests

*Investments in forest area development and improvement of the viability of forests* is considered by, only some of the hubs to contribute ‘to a large extent’ to addressing socio-economic challenges faced by rural areas. Since the measures’ main impact is believed to be on the environment and on climate protection, none of the hubs selected the ‘fully’ extent option. However, some hubs report a positive impact of measures partly financed by EU rural development funds. The **Autonomous Province of Bolzano/Bozen**, for example, indicates that it implements approximately individual 500 projects per year under sub measures 8.3, 8.5 and 8.6, which have resulted in the recruitment of 350-400 seasonal forest workers per year and which it deems to support local economy on the ground, by means of enhanced sectoral competitiveness.<sup>14</sup>

With regard to effective implementation of measures, the main identified driver of success is responding to ‘real’ needs located at the local level and the visibility in rural communities of the direct results of implementation, e.g. through enhanced forestry management, **Brandenburg** states that reliable funding conditions in the form of appropriate fixed amounts according to defined standards are a prerequisite for attracting interest in the measure.

The main identified constraints to implementation are therefore related to prohibitive effects of conditionality and legal commitment:

- the long-term risk of penalty payments/aid recovery (Brandenburg);
- the risk of entering into a legal commitment beyond the eligibility period, resulting in possible follow-up costs or long-term yield restrictions (IBK, Brod-Posavina, Emilia Romagna);

<sup>14</sup> Aid is granted only to investment and non-production investments – not to forest-environment measures.

- the complexity of the legislation and or rules/management of the forest sector which in general hamper its development (Emilia-Romagna, Thessaly); in this regard, IBK notes that without the close consultation with forest rangers in order to convince forest owners to participate and to plan and implement support measures, "Forest nature conservation and improving the recreational function of forests" type projects are unlikely to be realised; Flanders too, reports a relatively low interest in the forestry measures applied in its region;
- in addition, the amount of support granted is often perceived as too low compared to the efforts of bureaucratic management (IBK, Friuli Venezia Giulia, Thessaly), which includes mismatches between programming times and cultivation cycles (Friuli Venezia Giulia).

### *Setting-up of producer groups and organisations*

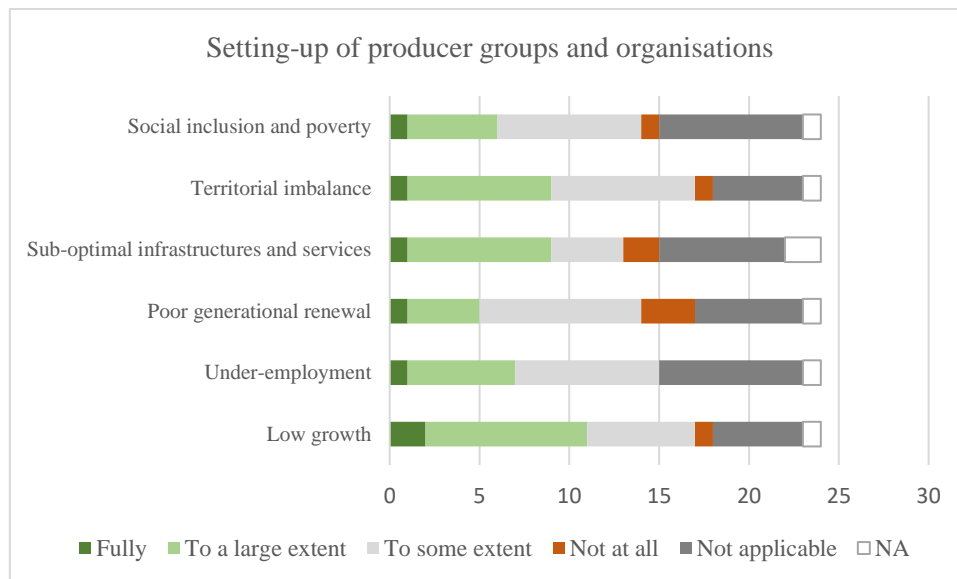


Figure 29 Setting-up of producer groups and organisations

*Setting-up of producer groups and organisations* is considered by, on average, 32% of the hubs to contribute ‘fully’ or ‘to a large extent’ to address rural areas’ challenges. Although this measure is only applied in some of the hubs, it is largely perceived in a positive manner because it can contribute to enhance the market position and bargaining power of agricultural producer groups vis-à-vis bulk buyers, and decreases the individual costs related to distribution, investment etc. for group members. Moreover, as potent figures in negotiations with distributors, they can create positive external effects in form of benchmarks both for their partners and for non-associated producers (Community of Valencia).

Despite the evidently high potential of producer groups to enhance the position of agricultural production in supply chains, with regard to implementation, there are several main obstacles:

- the reluctance of farmers and lack of trust among them (Alentejo, Mazovia, Thessaly);
- the still low awareness of producers on the benefits brought by collective action (Dubrovnik-Neretva); this is potentially linked to a lack of incentives to join a producer group, which Brandenburg considers to be achievable if financial support to fixed costs and variable costs for setting up, campaigning and consolidating producer groups would be granted;
- the lack of an adequate and straightforward legislative framework (Ialomita).

## Agri-environment climate

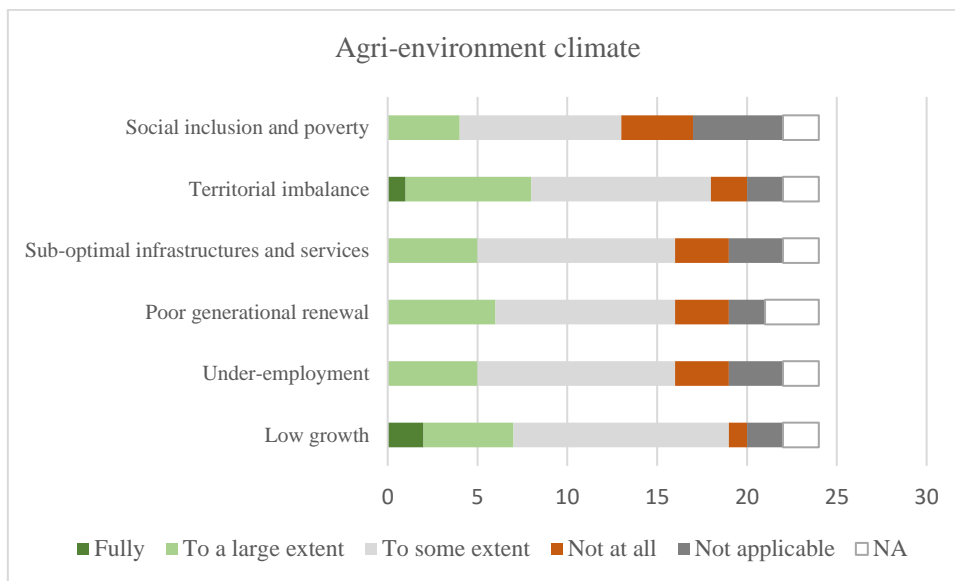


Figure 30 Agri-environment-climate

There hubs have diverging views on the impact of the *Agri-environment-climate* measures on the identified challenges of rural areas. Some regional hubs note that these measures have a mainly positive impact on the environment and do not contribute or contribute only to some extent to the given challenges. In other cases, hubs report that measures tackling environmental challenges can have socio-economic benefits. For example, in **Brittany**, where these measures "account for 21.1% of the EAFRD model" in the region, they allow "to build resilience, gain competitiveness and increase the income of Breton farmers". Similarly, the **Community of Madrid** reports that the support to maintain indigenous breeds granted through its RDP has been well received by the live-stock sector.

**Brandenburg**, however, states that in its region, - although in individual cases, income-generating effects might realise, - as a rule, agri-environmental measures (AEM) reduce employment because they are mostly linked to extensification requirements and production restrictions. Most hubs seem to agree on the fact there are benefits of the measure for a transition to low environmental impact production, in line with the EU Green Deal policy framework. **Friuli Venezia Giulia, Catalonia, Brod-Posavina, Emilia-Romagna, the Autonomous Province of Bolzano/Bozen and Flanders**, for example, confirm that environmental and climate goals can be achieved through AEMs.

With regard to implementation of the aforementioned measures, the main identified driver of success is their high popularity as well-received measures among farmers.

**Helsinki-Uusimaa**, reports a very high take-up rate of these measures (87% of the farmers) and **Vorarlberg** (part of the IBK) indicates that the funding received from this measure is very important for it farms in terms of volume. **Baden-Württemberg** (part of the IBK) reports that its outreach activities have been of pivotal importance for implementing contractual nature conservation measures.

Among the main identified constraints to effective implementation of AEMs are:

- excessive administrative burdens (Community of Valencia);
- a long commitment period required, which bears the risk of charges in the event of subsequent changes in an area (Brandenburg); similarly, the **IBK** notes that uncertainties with regard to inspections and sanctions should be decreased in order to encourage application;

- conditions for support which are not always easy to comply with in daily farming practice and operational processes (Flanders, Brandenburg) "smaller" farmers with High Nature Value (HNV) farmland do not receive support (Thessaly);
- current incentives for the participation in AEMs are not attractive and ambitious enough (IBK);
- a lacking flat-rate approach that could simplify and standardise AEM contracts (Brittany).

### Organic farming

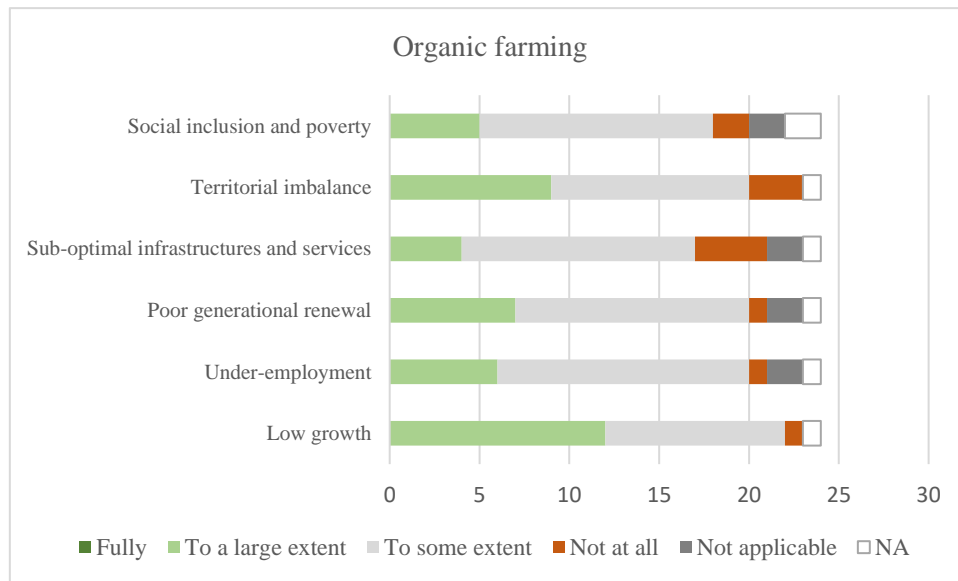


Figure 31 Organic farming

Measures under Article 28 of the RDP Regulation for *Organic farming* are generally considered to add value to farming activities in terms of economic return, for example, by rewarding specific production methods with higher product revenues and increasing employment. Many hubs report that the measure has enhanced organic farming in their regions. However, it is assessed to address 'to a large extent' the identified challenges by only 30% of the hubs. More than half of the hubs indicate it only addresses 'to some extent' the challenges rural areas are facing. It is noted that the impact of the support measures varies depending on how much the organic sector is developed at the territorial level, especially in terms of sale channels.

**West Pomerania** and **Mazovia**, for example, indicate that among their stakeholders, organic farming is viewed as a sector providing supply only for a small group of consumers and that for many farmers, organic production is just not cost-effective. In addition to sales opportunities, there remain obstacles to the expansion of organic farming, which are due to price development and limited market capacities, going beyond the reach of RDP measures (e.g. IBK). As the **Community of Valencia** puts it, "*the aid represents one kind of support for the sector that must be complemented by other strategies to achieve the objective*". Such a complementary strategy is for example reported by **Baden-Württemberg** (part of the IBK), which has implemented a promotion strategy, the "*Bio aus Baden-Württemberg*" (Organic from Baden-Württemberg) action plan, increasing subsidies to organic farming associations, expanding advisory services and research as well as marketing activities.

With regard to the implementation of measure related to Article 28 of the RDP Regulation, there are several identifiable drivers of success:

- an increasing demand for and public support of organic products (Flanders, Community of Madrid);
- an easy application process (Flanders);
- well-received measures among farmers (Friuli Venezia Giulia);
- payments that fully or partially compensate beneficiaries for the additional costs and lost revenue from their commitments (Brod-Posavina).

The main identified constraints to effective implementation and outreach are:

- high qualification costs before being awarded the status of 'organic' (Mazovia);
- limited farmers' interest in quality i due to the low cost-effectiveness of organic products (Mazovia, Dubrovnik-Neretva);
- related to the previous point, the fact that for consumers, the institutional framework and (administrative) costs are not visible, resulting in a lower awareness of and willingness to pay for organic products (Thessaly, Ialomita);
- limited budget available does not allow to support all applying producers (Thessaly, Emilia-Romagna);
- too many and unclear standards, as well as the lack of higher and more long-term oriented payments (Brandenburg);
- restrictions of organic farming with regard to the organisation of work and quality of production (West Pomerania);
- inefficiencies in IT systems that have caused delays in the payment of premiums (Friuli Venezia Giulia);
- lack of active marketing measures, such as reliable, i.e. state-controlled, labelling for products (IBK).

**Brittany** makes a concrete suggestion on how to increase conversions through the EAFRD: *"The targeting of EAFRD aid as credit guidelines, and therefore only on conversions, would enable more conversions to be financed. In this perspective, the maintenance of organic farming would be financed via the first pillar of the CAP through the implementation of adapted eco-devices."*



## Natura 2000 and Water Framework Directive payments

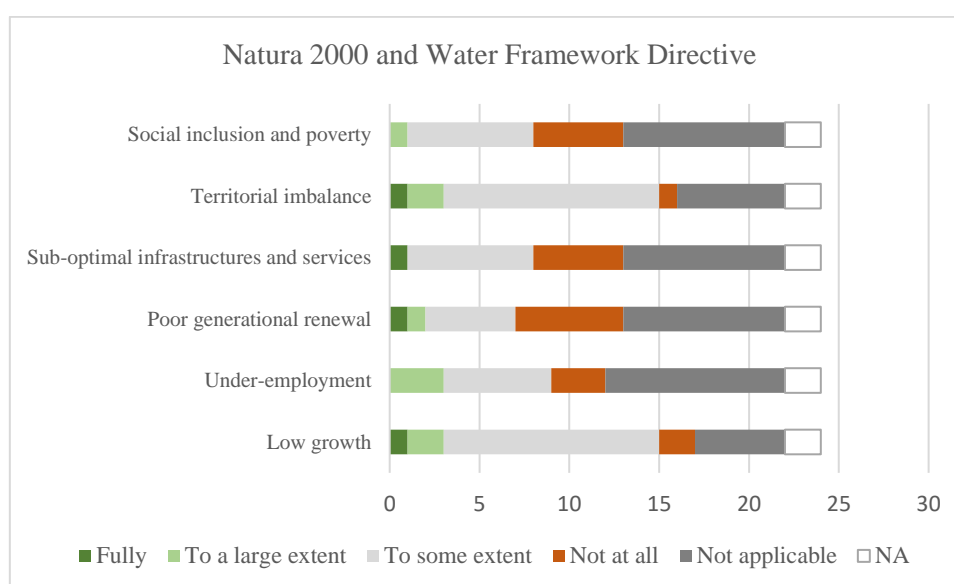


Figure 32 Natura 2000 and Water Framework Directive payments

*Natura 2000 and Water Framework Directive payments* are believed to contribute to environmental objectives but to respond little to rural areas' challenges. Even with regard to environmental objectives, such as the conservation of biodiversity and combating climate change, several hubs state that the measures under Article 30 of the RDP Regulation only have a limited impact, which seems to be the case due to implementation difficulties (Catalonia, Community of Madrid, Emilia-Romagna). This might be the reason why only a few hubs make use of Article 30 in their RDPs. Only the **Community of Valencia** evaluates these payments to address 'fully' and 'to a large extent' the challenges as there are areas where this aid "*corrects competitiveness gaps at the point of production*".

With regard to the practical implementation, no major drivers of success with regard to Article 30 measures are outlined. **Thessaly**, however, notes that the strict legislation defining Natura areas as well as the comprehensive information action around Natura 2000 and the Water Framework Directive can be assessed positive.

One main identified constraints to effective implementation, the **Community of Madrid** and **Emilia-Romagna** report general difficulties. In more concrete terms, several hubs note the lack of a dedicated fund for the Natura 2000 network and its dependence on agricultural funds. This is the case, for example, for **Catalonia**. **Baden-Württemberg** (part of the IBK) reports in this regard that Natura 2000 is supported by national funds outside the EAFRD, via Article 28 of the Water Framework Directive. The **Autonomous Province of Bolzano/Bozen** further states that '*payments under Natura 2000 are currently too low compared to the general agricultural subsidies to have a significant effect on socio-economic development*'. Moreover, the hub stresses that in order for Natura 2000 objectives to be achieved, it is necessary to attach compliance conditions with regard to nature protection to all agricultural subsidies in rural areas. It suggests that to the end of reducing aid fragmentation, caused by the above mentioned interdependence of funding opportunities, contractual nature protection should be introduced, obliging beneficiaries to comply and providing them with sufficient payments to do so. **Friuli Venezia Giulia** adds that '*The greening mechanism of the first pillar and the no double-funding system have not allowed for adequate compensation for the constraint imposed, thus limiting the measure's impact*'.

## Payments to areas facing other specific constraints

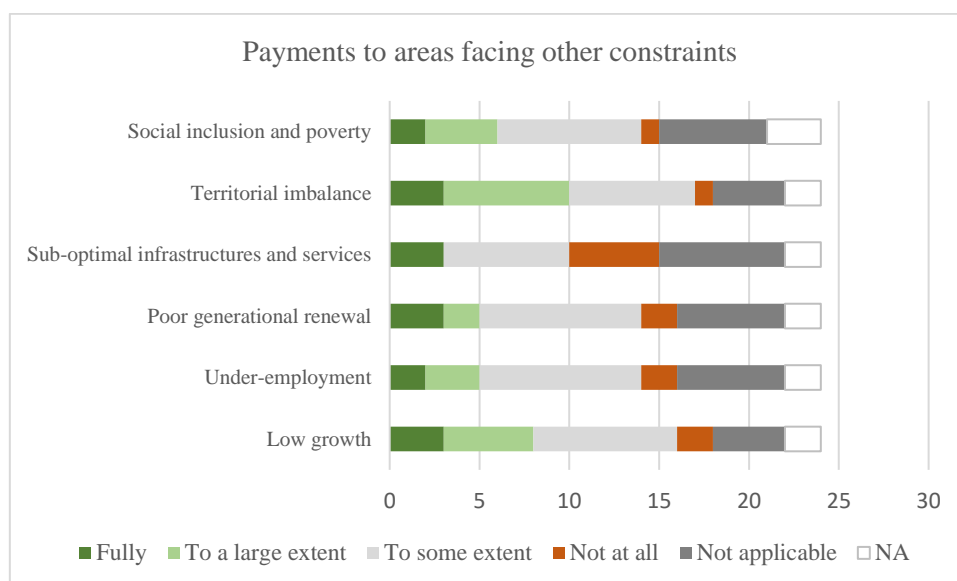


Figure 33 Payments to areas facing other specific constraints

There is a broad consensus among the regional hubs applying this measure, that *Payments to areas facing other specific constraints* are important to address rural areas' challenges. Mountain areas are frequently mentioned by respondents to benefit from these payments, the effects being preventing land abandonment, allowing farming activities to continue and combat depopulation of rural (mountain) areas. **Brandenburg**, located in the North German Plain, confirms that the compensatory allowance mitigates the effects of some local disadvantages and secures income and employment in areas concerned. Other hubs indicate that the measure is very important to support farming activities in their region, are, for example, **Helsinki-Uusimaa**, the **Autonomous Province of Bolzano/Bozen**, **Vorarlberg** (part of the IBK) or **Brittany**<sup>15</sup>, - all of them having areas benefiting from the payments.

With regard to implementation, the comments focused on territorial demarcation. The **IBK** and **Brandenburg** report that, since classification of areas is done automatically, the application process for eligible farmers is very simple and appropriate. **Friuli Venezia Giulia** further considers the applied calculation parameters (e.g. altitude, slope, degressivity factor) to be objective. This view is however not shared by all hubs. **Emilia-Romagna**, for instance, states that these parameters and a lack of flexibility when adjusting the premium, pose constraints to the implementation of the measure in its region. **Catalonia** adds in this regard that there are some communities excluded from the measure, that are facing the same problems due to their mountain location but cannot benefit from the same type of aid because their location does not classify as eligible. This might lead to differences (and disparities) between populations facing the same constraints.

<sup>15</sup> Brittany is one of the few French regions to be virtually excluded from the CANH, with the exception of the islands.

### Forest-environmental and climate services and forest conservation

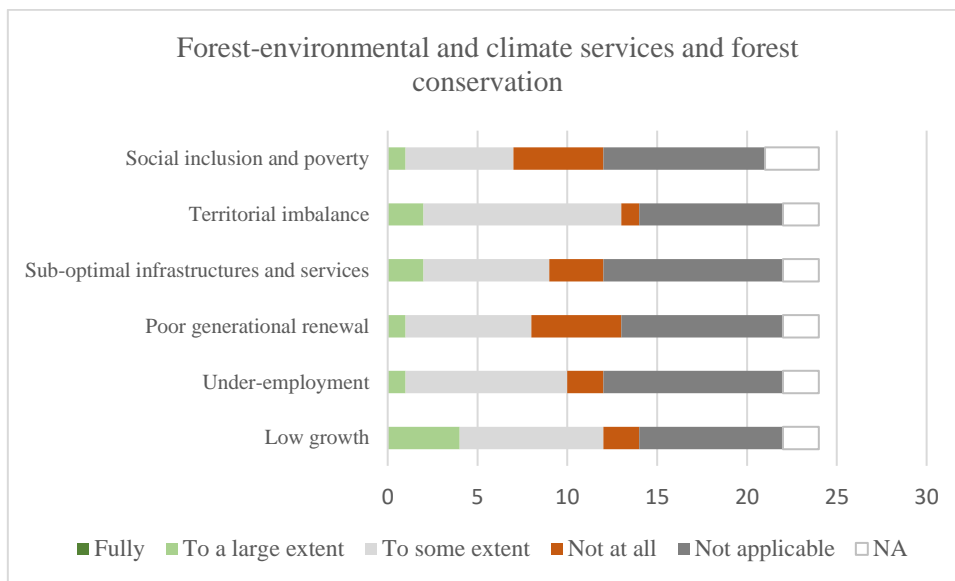


Figure 34 Forest-environmental and climate services and forest conservation

Due to its focus on environmental protection measures, the *forest-environmental and climate services and forest conservation* scheme is considered not relevant (i.e. ‘not at all’ reply) to address rural areas’ challenges by most of the hubs implementing it. Across all challenges listed, a fairly high number of hubs consistently indicates that the measure is ‘not applicable’, i.e. in most cases that the concerned region does not implement it through its RDP. Most of the hubs applying the measure believe that it has only limited direct relevance for addressing the structural problems of rural areas and its effects are modest and only indirect (Brandenburg, IBK). Only the **Community of Madrid** considers the measure to have both direct and indirect effects on employment and growth in the concerned municipalities.

With regard to implementation, only **Catalonia** explicitly mentions that the measure itself is appropriate and yields satisfactory results. However, it also notes that the measure concentrates in areas already characterized by continuous forestry management and does often not reach abandoned areas. **Thessaly** reports problems with appropriately targeting eligible areas in the Attica region, which seems to be a matter of forestry spatial planning and a shortage of human resources: forest maps of the region are incomplete and forestry services are understaffed. Further identified constraints to effective implementation are predominantly related to administrative burdens, in particular to the need of pre-financing and complicated guidelines (Brandenburg) and an unclear legal framework (Thessaly). Also mentioned were too limited financial allocations, which are considered not appropriate for the size of forests (Catalonia) and should contain higher performance-related grants (Brandenburg).

## Co-operation

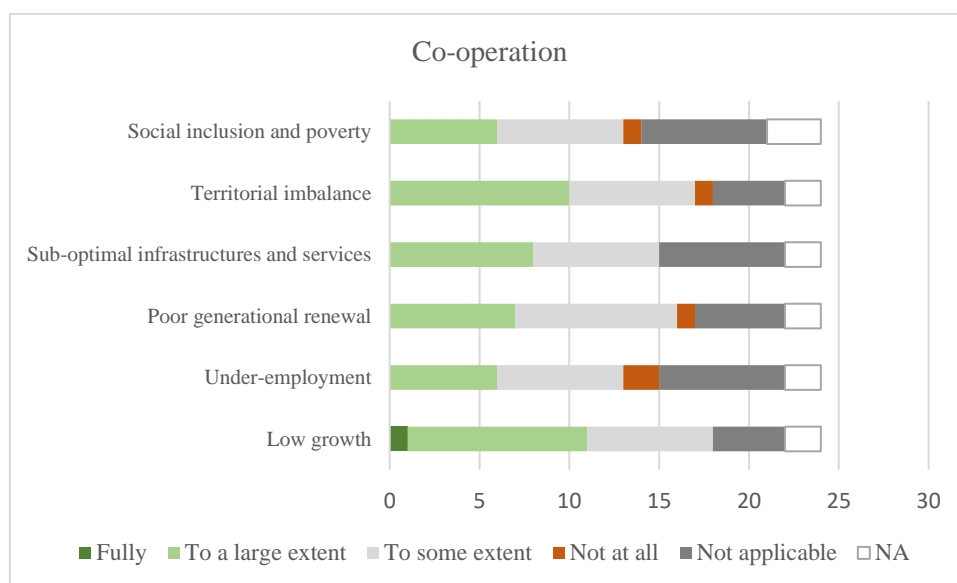


Figure 35 Co-operation

*Co-operation* is considered by, about one third of the hubs to contribute ‘fully’ or ‘to a large extent’ to rural areas’ challenges. A similar share of hubs reputes it to contribute only ‘to some extent’ to addressing the given challenges. Still, the measure harvests positive comments, in particular with regard to the EIP (European Innovation Partnerships) support, which is believed to enable innovation and development and hence provide stimuli to economic growth and employment. The **Community of Valencia** even states *"a cross-cutting impact with a multiplier effect on the agri-food sector in particular, and on the rural environment in general"*. According to **Baden-Württemberg** (part of the IBK), EIP projects *"make an outstanding contribution on current issues such as animal welfare, climate protection and digitalization"*. **Emilia-Romagna** and **Friuli Venezia Giulia** further note that the measure has facilitated the development of public-private partnerships, a fact which is mirrored in the implementation examples given:

- **Brittany**, the **IBK**, **Emilia-Romagna** and **Friuli Venezia Giulia** indicate that support through the co-operation measure focused mostly on research-driven actions deployed in association with EIP Operational Groups (EIP OG); such public-private co-operations include innovative companies, academia, applied research and businesses up and downstream of agriculture;
- **Friuli Venezia Giulia** mentions support for co-operation activities - financed outside LEADER – and socially-oriented projects;
- The **Community of Madrid** has set up AEI-AGRI Task Forces and pilot projects to develop new products, practices, processes and technologies. It reports that the Task Forces have contributed significantly to tackle the challenges faced by rural areas – more concretely, the Community of Madrid perceives the combination of local expertise and experiences with scientific knowledge an important asset to foster innovation. Moreover, they enable young people (in particular women) to develop novel projects and thereby increase social inclusion in rural areas. The latter is also confirmed by the **Community of Valencia**.

**Flanders**, **Brandenburg**, **Brittany** and the **IBK** confirm the important role of co-operation in promoting agricultural innovation. In addition, **Vorarlberg** (part of the IBK) underlines that even given the small budget its region spends on co-operation measures, *"it has an impact with limited financial resources, and has a significant stimulus effect"*.

With regard to effective implementation, it is worth noting that the hubs have provided a rather long list of drivers of success, as compared to other measures outlined in this survey:

- multi-stakeholder and intersectional approach between scientific and economic actors (Community of Madrid, Brittany, IBK, Emilia-Romagna);
- sharing of coherent territorial development strategies among the different stakeholders (Friuli Venezia Giulia) flexibility (Community of Madrid);
- and encouraging synergies with other EU funds (Community of Madrid).

The main identified obstacles are:

- difficulties in reaching out and/or engaging some stakeholders (Brandenburg, Brittany, Friuli Venezia Giulia, Community of Madrid);
- administrative burdens, which make the measure not accessible to all actors (Brittany, IBK). **Vorarlberg** (part of the IBK) reports that due to the time-consuming two-stage selection process, that mostly only public sector or publicly funded actors have the capacity to apply and that therefore, farmers do often not have access;
- disproportionate requirements for small projects, with respect to expected results (Flanders, IBK). The **IBK** and the **Autonomous Province of Bolzano/Bozen** further note in this regard that the advance payments, EIP OGs have to make, are a constraint for realising projects because those groups usually do not have financial resources and there is a considerable time lag between the development of the project idea and the delivery of payments.

### **Risk management**

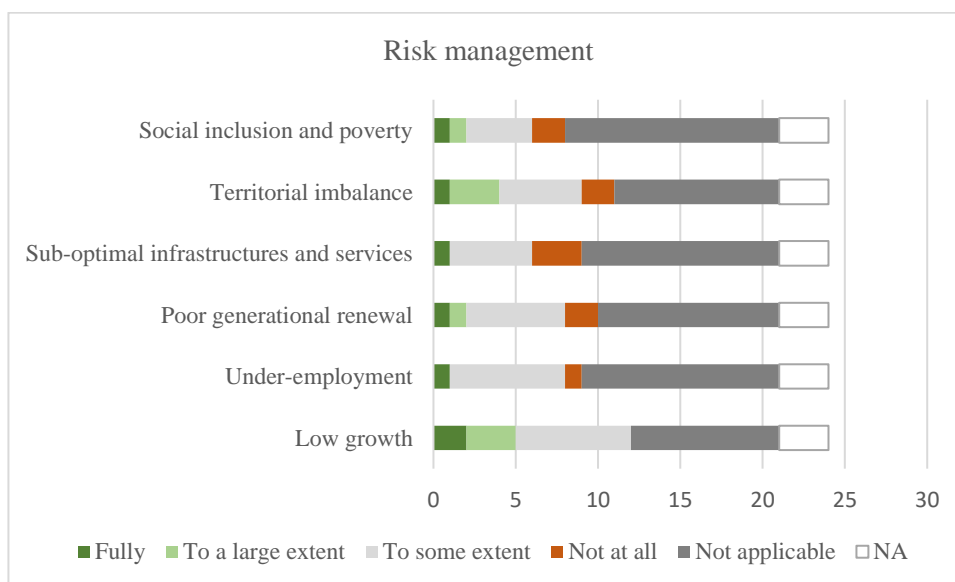


Figure 36 Risk management

The *Risk management* set of measures is rarely considered to contribute ‘fully’ or ‘to a large extent’ to address rural areas’ challenges. Only the Community of Valencia considers the measure to address all challenges ‘fully’. There is a high incidence of ‘not applicable’ replies, which is due to the fact that risk management measures are not used by Member States/regions. Very few comments were therefore made on drivers of success and on failures.

**Emilia-Romagna** notes that delayed activation of income stabilization and mutual funds can constrain the effectiveness of the measure. **Thessaly** identifies the lack of financial resources as a constraint to implementation. Despite the few comments on implementation, some hubs provide general remarks on the usefulness of risk management. In general, contributions provided for risk management tools are considered important to ensure that farmers do not lose their income in the event of adverse climatic events or through other fundamental incidents. **Thessaly** in this regard states that – while not being an instrument dedicated to address poverty and territorial imbalances in rural areas - by stabilizing farmers' incomes, it nevertheless helps mitigating both, given the financial resources provided are sufficient.

### Support for LEADER local development (CLLD)

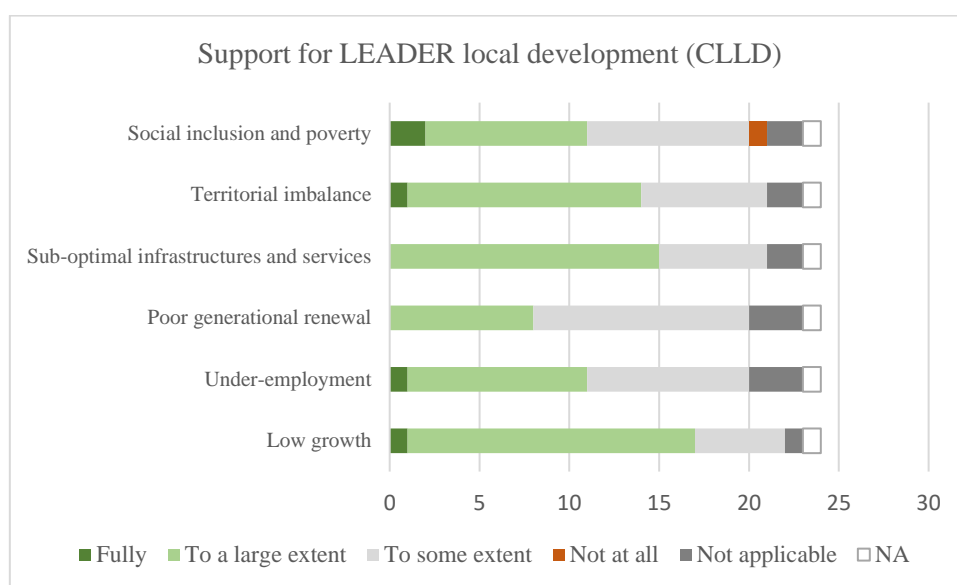


Figure 37 Support for LEADER local development

Support for LEADER local development (CLLD) is the most selected measure of Regulation EU 1305/2013 and third in importance in addressing rural areas' challenges. Half of the regional hubs believe this measure 'fully' or 'to a large extent' addresses those challenges. Comments made on the impact of CLLD are consistently positive across hubs with the only exception being **Alentejo**, considering it irrelevant for rural development in its region. A majority of hubs, however, considers LEADER to be one of the measures with the clearest impact because of the varied funding opportunities and their direct influence on goods and services in rural areas.

According to many of the responding hubs, the bottom-up approach, allowing local communities themselves to determine the measures, objectives and projects, is a main driver of success for the public acceptance of LEADER interventions. **Ialomita**, for example, highlights that "*LEADER plays a key role in Romania in increasing the economic and social development of rural areas, reducing urban/rural disparities and promoting social inclusion*". **Thessaly** reports a very similar impact. In addition, **Brandenburg** and the **Community of Madrid** report that the network approach generates positive effects beyond individual projects.<sup>16</sup>

Several hubs underline that LEADER support is complementary to other regional support for rural regions (for example, Baden-Württemberg). In **Helsinki-Uusimaa**, for example, there exist so-called **ELY Centres** ("Centres for Economic Development, Transport and the Environment"), which promote regional development by managing the central government's implementation and development tasks.

<sup>16</sup> The Community of Madrid and Brittany note that quantitative studies on the impact of the LEADER programme on job creation and the provision of services could help to better determine its overall success.

With regard to LEADER projects, they work together with Local Action Groups (LAG) to prepare the cooperation of the different actors and 'activate' target groups. In contrast to the close cooperation there, **Ialomita** reports that in its region only two LAGs are active, indicating a low local development capacity and a missing strategic approach by the region to encourage the cooperation of public and private stakeholders.

With regard to effective implementation of LEADER projects, the main identified drivers of success include its highly popularity and the high public acceptance, which exists due to the "*wide range and possibilities for projects, tailored to local needs*" (Flanders [sic], Friuli Venezia Giulia). Several hubs report the effective embedding or interlinking of LEADER measures with other (regional) tools for territorial development:

- **Friuli Venezia Giulia** reports positive experiences with incorporating the National Strategy for Inland Areas (SNAI) into the planning of LAGs;
- **Helsinki-Uusimaa**, reports synergies thanks to the above-mentioned cooperation between LAGs and ELY Centres, which is considered 'clear and functional'. According to the hub, more pointed joint efforts between Uusimaa's rural areas and the Helsinki Metropolitan Area - with the goal of developing project impact assessments -, could further improve the visibility of rural areas in the region;
- **Brittany** states its region has implemented integrated country-wide strategies, encompassing various funding tools (RTP, ERDF ITI, CLLD EAFRD, CLLD EMFF), which are contributing significantly to job creation and regional planning in general.

For the current funding period, several hubs indicate two major limitations to the LEADER approach. First, the application process is judged too bureaucratic and to require disproportionate efforts, which prevent some of the most innovative ideas from being realized (Brandenburg, Friuli Venezia Giulia). These hubs therefore suggest to simplify rules and strengthen decision-making in LAGs by reducing requirements at Land level. This is in line with the **IBK's**, **Friuli Venezia Giulia's** and **Emilia-Romagna's** demand for a more professional LAG management to improve their often weak organizational structure, requiring professional support for project management (complex guidelines and application forms – should be more flexible and clear). As was the case for EIP OGs, the administrative efforts required to carry out a LEADER project, may exclude "ordinary" farmers and other private individuals from application and implementation. **Brittany**, in this regard, declares that reinforced support (in particular during the application phase) could facilitate access to funds also for small projects.

Moreover, many hubs state that the limited allocated resources, the complex administrative management and burdensome procedures at the application stage, also with regard to accounting and control procedures, are disproportionate to the scope and funding level of LEADER projects (Brandenburg, Autonomous Province of Bolzano/Bozen, Emilia-Romagna, Friuli Venezia Giulia, Flanders, Kosice Self-governing Region, IBK, Thessaly). In addition, **Baden-Württemberg** (part of the IBK) reports that the numerous inspections by EU auditing bodies are likely to cause a diffuse feeling of distrust from EU side, which might eventually lead to an estrangement of local actors from EU activities.

## Technical assistance

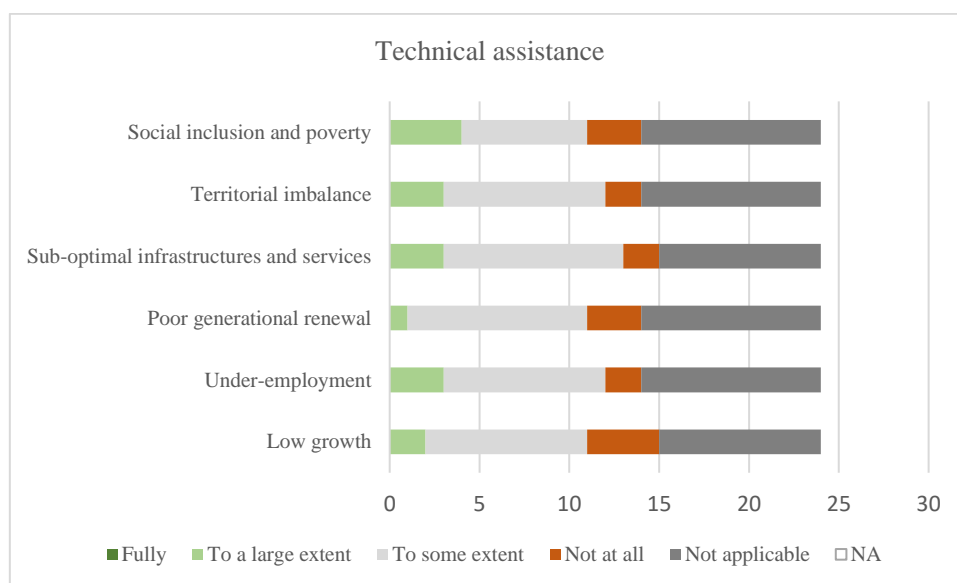


Figure 38 Technical assistance

When it comes to the potential of the *technical assistance* measures provided by Articles 51-54 to address the challenges rural areas are facing, a clear majority of hubs reports that the measures constitute an important administrative support for management infrastructure and the coordination of EARDP funded programmes, as well as for involving civil society (Brandenburg) but that they have no direct effects. The **Community of Madrid**, for example, considers technical assistance to improve the effectiveness and efficiency of programmes by providing support during the preparation phase of RDPs, strengthening the capacities needed to administer and use funds and by supporting monitoring and control. **Flanders** adds in this regard that technical assistance renders Member States capable to comply with European management and monitoring requirements.

With regard to the coordination between national and regional networks and the Managing Authorities, **Flanders** and **Mazovia** report a good level of coordination, while the **Community of Valencia** mentions a lack of coordination between the managing centres and the networks.

Differences seem to exist also with regard to the RDP budget share dedicated to technical assistance: **Vorarlberg** (part of the IBK) indicates that although this share is substantial, the related impact is rather negligible. The **Autonomous Province of Bolzano/Bozen** in turn only dedicates a minor part of its budget to technical assistance, which is primarily spent on the staffing of managing authorities.

**Mazovia** is the only hub going into more detail as regards individual challenges that can potentially be addressed by technical assistance: Generally, the hub reports that technical assistance supports 'soft projects' – such as promotion and training – rather than investment projects. Activities reported by the hub are:

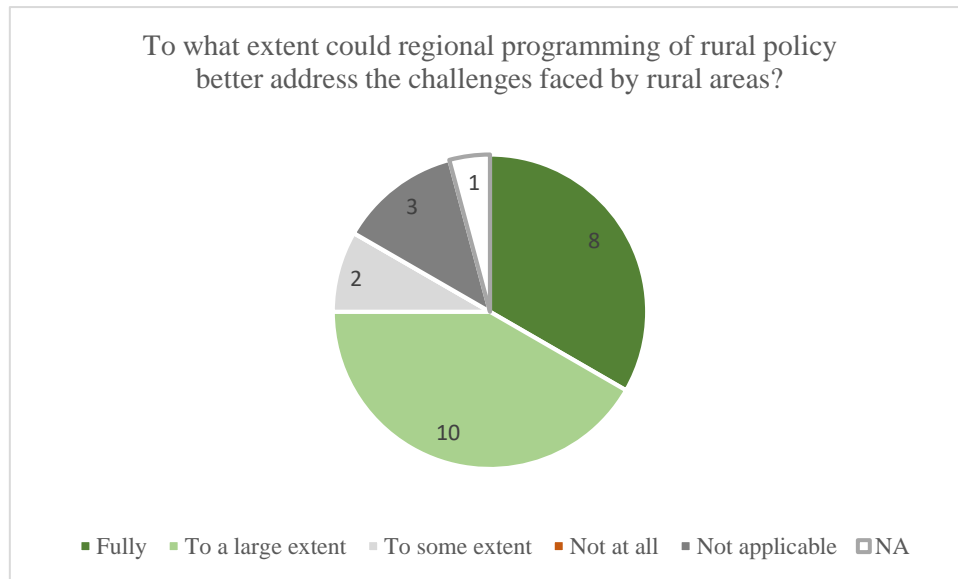
- qualification and training (positive effects on the labour market in the longer term);
- dissemination of good practices in cooperation with the European Network for Rural Development
- promotion of rural areas as places to live and work e.g. through competitions for different social groups in rural areas or promoting recreational activities (agri-tourism);
- activities focusing on social inclusion, poverty reduction and economic development in rural areas (via research, publications, local community workshops etc.).



Notwithstanding its general effectiveness, **Mazovia** reports one major constraint to implementation: *"the process of awarding funds to partner projects is subject to a complicated competition procedure, which is the reason for important projects not being carried out on more than one occasion."*

For **Thessaly** one further obstacle is the lack of technological training on the part of producers. Similarly, the **Community of Valencia** indicates a lack of knowledge about market developments, which it considers to prevent an optimal use of the support provided under Articles 51-54.

### **Regional programming of RDPs**



*Figure 39 Regional programming of RDPs*

The replies to the consultations are mostly consistent in underlining the higher potential of regional programming in better targeting territories' socio-economic specificities and farmers' needs, but also in terms of involvement of local stakeholders and of communication/dissemination activities.

Likewise, hubs consider that it is also important to consolidate the regions' experience in drawing up and managing RDPs (Emilia Romagna, Friuli Venezia Giulia, Flanders). The hubs thus call for a more practical approach to programming. **West Pomerania** and **Brandenburg**, for example, state that supraregional coordination is needed.

The **IBK** takes a different view on the prospects of enhanced regional programming. **Vorarlberg** (part of the IBK) points out that such an arrangement could lead to competition between Länder with different provisions. Moreover, it considers the requirements provided by the Regulation to be too complex to be processed at regional level.

## New Delivery Model

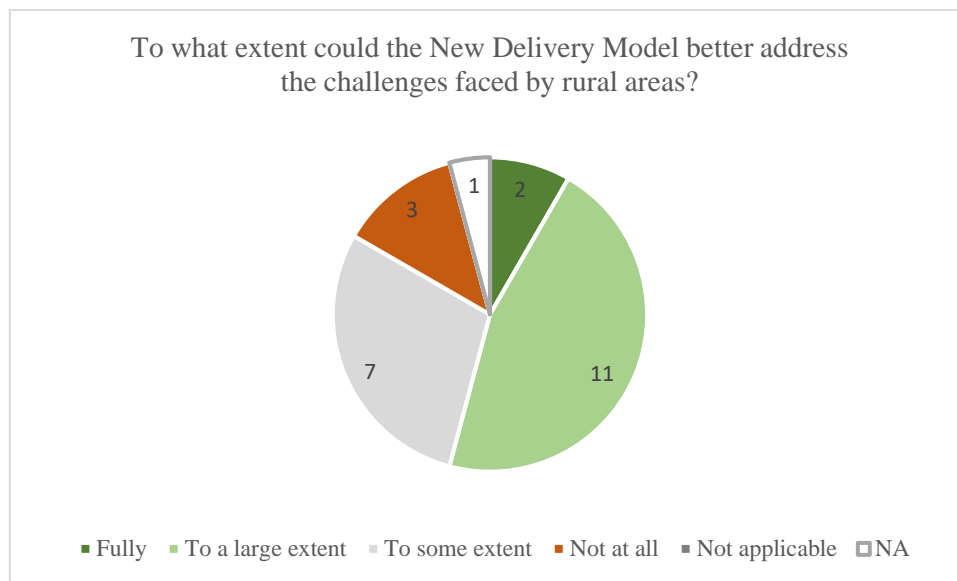


Figure 40 New Delivery Model

About half of the regional hubs believe that the *New Delivery Model* (NDM) proposed by the Commission could better address, ‘fully’ or ‘to a large extent’, the challenges faced by rural areas. However, it is important to note that only a few hubs consider the NDM to effectively/sufficiently help achieve the objectives set (e.g. Catalonia, Alentejo, Helsinki-Uusimaa, IBK, Thessaly). Other hubs – while welcoming better quantifiable measures and increased mainstreaming – mention caveats with regard to rigid result- and performance-based indicators and a further centralization of the implementation (Brandenburg, Emilia-Romagna, Veneto, North Rhine-Westphalia, Friuli Venezia Giulia, Flanders, Brittany).

The main advantages of the NDM, according to the responding hubs are the following:

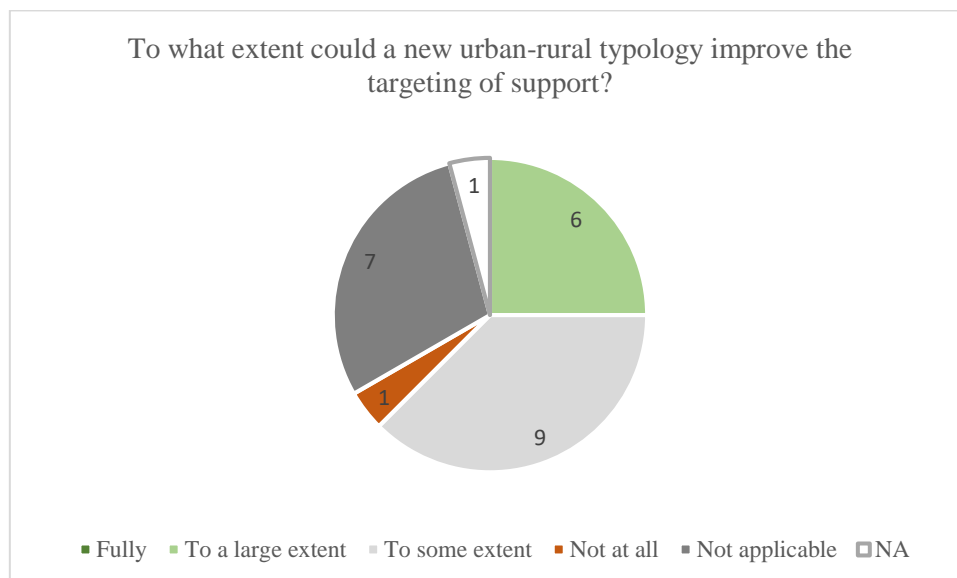
- better reflection of local outcomes, by focusing on results and performance (Helsinki-Uusimaa, West Pomerania);
- a more flexible model, transferring approval responsibility to the Member State level, and thereby fostering more initial planning (to set performance indicators) and making more realistic forecasts (Community of Madrid);
- a potential reduction of administrative burden, for example due to the single audit approach (Baden-Württemberg).

On the contrary, some hubs expect that the NDM will:

- lead to increased efforts without delivering better results due to a uniform planning process applied for two different elements (Brandenburg). Based on its experiences with the previous coordination of pillar 1 and pillar 2, the hub does not expect any improvement with regard to simplification;
- remove the possibility for members to entrust regions with the establishment of RDPs and incorporate the experiences of local players (Brittany, Brandenburg);

- thereby lower ambitions at European and regional because: (i) regional specificities are not addressed and (ii) regions cannot independently manage measures as would be required by the respective situation on the ground (Emilia Romagna, Brittany);
- be contrary to subsidiarity principle (Emilia Romagna);
- entail a too rigid control system, which is established on a pure accounting basis (Veneto), potentially preventing regions from achieving the quota requirements expressed by the territories; North Rhine-Westphalia adds in this regard that setting ex ante targets, which is unrealistic entails a risk of re-nationalisation (Community of Valencia);
- make it more difficult for the EARDF to deploy multi-fund approaches with the ERDF and ESF (Brandenburg).

### *New urban-rural typology*

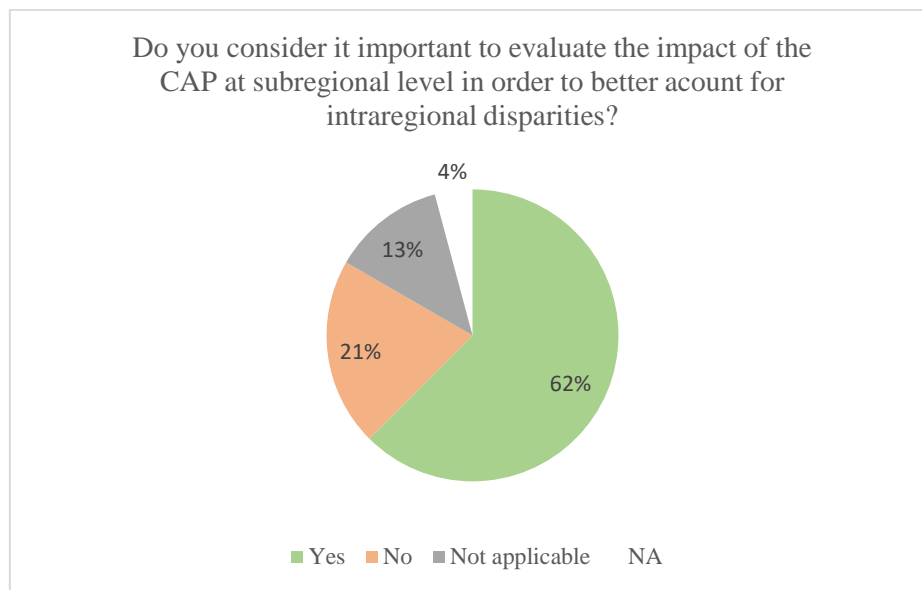


*Figure 41 To what extent could a new urban-rural typology improve the targeting of support?*

The relatively high number of 'not applicable' replies means a significant share of hubs is not familiar with the *urban-rural typology* and/or that the typology has no perceived relevance for the targeting of support and/or regional programming in general. This is in parts confirmed by the comments of the responding hubs. Emilia- Romagna, for example, indicates that a "*definition of rural areas makes only sense for some types of interventions, to respond to challenges relating to regional disparities and social inclusion.*" However, some hubs expect that a change of typology could potentially effect regional development measures (IBK, Flanders, Alentejo).

Most of the hubs think that the designation should be issued at regional or at least at the Member State level (Helsinki-Uusimaa, North Rhine-Westphalia, IBK, Emilia-Romagna) in order to adequately take into account differences between Member States and between different types of rural areas. The **Community of Valencia**, for example, indicates that there is a "*a whole typology of regions with agrarian and agri-food activity. In addition, in the case of highly anthropogenic regions such as Valencia, the interior is also "conceptually" an urban coastal area due to its geographical proximity to the sea and the large urban and tourist hubs linked to the coast.*" This concern – that not all existing types of areas can be represented in such a typology - is also mirrored in the demand put forward by **Brittany** and **Catalonia**: to reflect on peri-urban areas and agriculture.

### *CAP evaluation at the sub-regional level*



*Figure 42 Do you consider it important to evaluate the impact of the CAP at subregional level in order to better account for intraregional disparities?*

A majority of hubs believes that the CAP should also be evaluated at the sub-regional level. A deeper assessment is deemed necessary mainly because of the existence of local specificities and/or wide differences within regions.

The **Community of Valencia** states that effects of the CAP must be evaluated in terms of the results obtained, and these are different depending on the territory to which they apply. A region is not necessarily a homogeneous territory in which the same measures must be applied. It is clear that the CAP must tackle the problems of both people and regions. Some hubs note that either the size of the region does not require further specification of evaluation activities (Friuli Venezia Giulia, Community of Madrid, Veneto) or that smaller areas are difficult to define meaningfully (North Rhine-Westphalia). Moreover, the overall regional impact should ultimately be the objective to be considered, because an assessment of every measure would lead to fragmentation (North Rhine-Westphalia, Flanders).

## Harmonisation of the Structural Funds' operating rules via the Common Strategic Framework

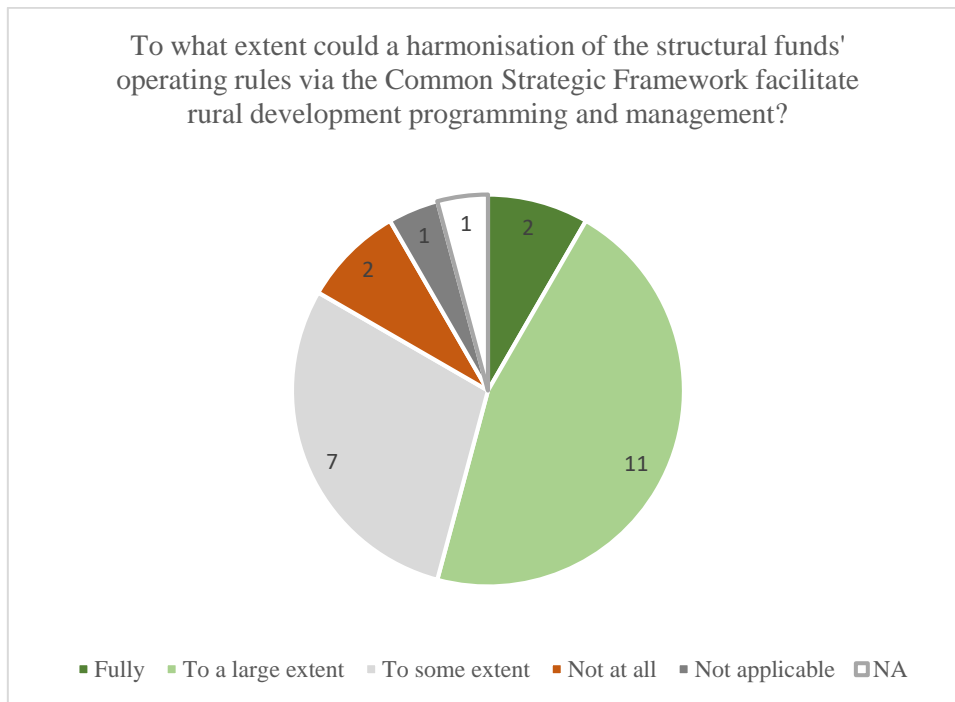


Figure 43 To what extent could a harmonisation of the structural funds' operating rules via the Common Strategic Framework facilitate rural development programming and management?

A majority of hubs believes that the *harmonisation of the structural funds' operating rules via the Common Strategic Framework* could facilitate rural development programming and management by simplifying administrative procedures and control (Autonomous Province of Bolzano/Bozen, Community of Valencia, Catalonia, Community of Madrid, Thessaly, Kosice Self-governing Region, Brandenburg, IBK) to reach the final recipient (Community of Valencia, Alentejo). **Brandenburg**, for example, notes that in particular the application of LEADER and CLLD could benefit from the emergent synergies.

**Brittany** states that removing the EAFRD from the Common Strategic Framework would be inconsistent with the European Commission's calls for increasing synergies between EU Funds.

**Friuli Venezia Giulia**, states that the proposal of CAP reform from the Commission might 'decouple' EAFRD from other funds, which bears both the chance for greater coherence with regard to each sector, but also the risk of "losing overview". The latter can be considered to increase with the CAP being more and more centralised at national level, while other structural funds remain at regional level. Consequently, in order to mitigate such organisational gap, enhanced cooperation between Managing Authorities is indispensable.

Other hubs such as **Flanders** and **West Pomerania** are more critical of the Common Strategic Framework. Flanders states that due to its peculiarities, *"the CAP cannot always be grafted onto other funds."*

**Emilia-Romagna** adds that it is impossible to create synergies and complementarity without common rules and timeframes. For **North Rhine-Westphalia** the harmonisation must not lead to stricter rules and structural funds should not necessarily be linked.

### 3.4 Evaluation of the Common Organisation of the Markets in agricultural products (CMO) (Regulation EU 1308/2013) impact on territorial development

#### 3.4.1 Context

The Common Organisation of the Markets in agricultural products ('CMO Regulation' or 'CMO' hereafter) is the framework for market measures provided under the CAP, covering all agricultural products. The legal basis for such 'safety net' measures is provided by Articles 38-44 of the TFEU, Regulation (EU) No 1308/2013, Council Regulation (EU) No 1370/2013 and Directive (EU) No 2019/633. CMOs aim to stabilise agricultural markets and prevent market crises from escalating into serious market disruptions (market intervention measures). Their objective is to boost demand and help the EU agricultural sector to better adapt to market changes. CMOs are part of the CMO Regulation, Regulation (EU) No 1308/2013, which lays down the framework under which EU agriculture works within the single market.

The CMO Regulation has two main areas of application: (i) an internal heading, covering market intervention as well as rules on marketing and producer organisations (POs) and (ii) an external heading, covering trade with third countries (import and export certificates, import duties, administration of tariff quotas and export funds etc.). Market intervention measures provided for by the CMO Regulation are:

- public intervention;
- storage of products by the private sector (storage aid);
- exceptional measures in case of crisis and market disturbance;
- sector-specific aid schemes and operational programmes for certain sectors;
- market standards and monitoring.

Concerning the effects of the implemented 'unitary' CMO Regulation during the current funding period on the aforementioned challenges rural areas are facing, the hubs were asked to what extent the Regulation had addressed low growth, under-employment, poor generation renewal, sub-optimal infrastructures and service, territorial imbalances and social inclusion and poverty.

#### 3.4.2 Main findings

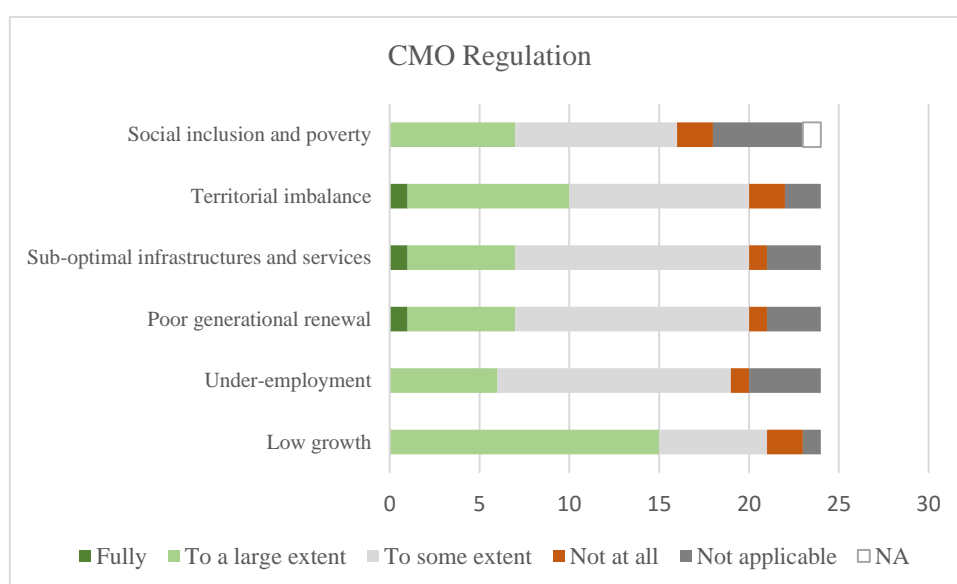


Figure 44 CMO Regulation

Two thirds of the hubs reply that the *CMO Regulation* largely addressed low growth, but that it was less effective in addressing the other challenges.

### 3.4.3 Detailed results

While most hubs indicate the Regulation has a 'regional added value' (Brandenburg, North Rhine-Westphalia, IBK, Mazovia, Community of Madrid, Autonomous Province of Bolzano/Bozen, Thessaly, Brittany), others consider CMO interventions could conflict with rural development goals (Alentejo).

Only the **IBK**, **Brittany** and **Friuli Venezia Giulia** report more in detail about the implementation of the CMO Regulation in their regions:

- **Baden-Württemberg** (part of the IBK) indicates that POs are important instruments, carrying out a variety of tasks related to the processing of agricultural products, production safety and product range policy, securing of sales and incomes and promoting regions and recognising cultural landscapes. There are five fruit and vegetable POs in Baden-Württemberg, representing around 5000 member farms. - "*without the POs in this form, it would be more difficult to supply fruit and vegetables at the current scale*".<sup>17</sup> The region further notes that the fruit, vegetables and milk scheme helps promote healthy eating habits, reaching out to 490 000 children in the 2019-20 academic year.
- **Friuli Venezia Giulia** indicates two fruit and vegetable POs in its territory and a good representation of the wine-making sector.
- **Brittany** also highlights the key role of POs, which it considers to strengthen the commercial organisation of producers and the sustainability of production in the region. In some instances, POs/cooperatives have pioneered development, e.g. in the area of export activities, by creating a cross-channel shipping company. The hub adds that CMO interventions are the most appropriate tool to responding to crises and their adverse socio-economic consequences faced by rural areas.

With regard to effective implementation, the main identified drivers of success include: the clear and shared common rules for industry players (Friuli Venezia Giulia, Helsinki-Uusimaa), the collective approach for the organisation of producers (Brittany, IBK), the "*multiannual programming to ensure the development of investments and the stimulation of growth in the sector*" (Emilia-Romagna), the higher flexibility and simplicity of the CMO measures as compared to rural development measures (Veneto), allowing to adapt to local realities and provide a fast response (Community of Madrid). **Vorarlberg** (part of the IBK) further notes that CMO measures are characterised by a "*high degree of accuracy and extremely high certainty in the process*". **Brittany** underlines that the CMO has made it possible to structure sectors at EU level and that it has contributed to regulate the European market also in the wake of events external to it. The hub is in favour of the creation of transnational POs.

Some of the identified constraints to some extent contradict the statements above. With regard to the multi-annual plan, **Friuli Venezia Giulia**, for example, notes that precisely this is too rigid. **Emilia-Romagna** considers the fact that CMOs are only implemented in some sectors a constraint and calls for a more generalised approach. The **Community of Madrid** further states that effective implementation is sometimes hindered by the bureaucratic complexity of the measures. **Mazovia** points to two additional (cultural) implementation constraints: the fragmentation of farms and a lack of willingness to cooperate from the part of farmers. Moreover, the hub reports that supply/demand shocks caused by infectious diseases, such as the African swine fever (ASF), do not occur throughout the EU and are

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<sup>17</sup> In Baden-Württemberg, the value of production marketed via the recognized POs amounted to approximately EUR 300 Mio. in 2015).

therefore not accounted for in the CMO Regulation, leaving affected livelihoods behind. **Helsinki-Uusimaa** further notes that the programme is not responsive enough to tackle emerging problems quickly.



### 3.5 Coherence with other EU policies

#### 3.5.1 Context

In the last part of the consultation, the hubs were asked to comment on the coherence and complementarity of CAP instruments with other EU policies and in particular with Financial Instruments Art. 37-30 Regulation (EU) 1303/2013, EU Regional Policy (ERDF), EU Social Policy (ESF) and EU Trade Policy.

#### 3.5.2 Main findings

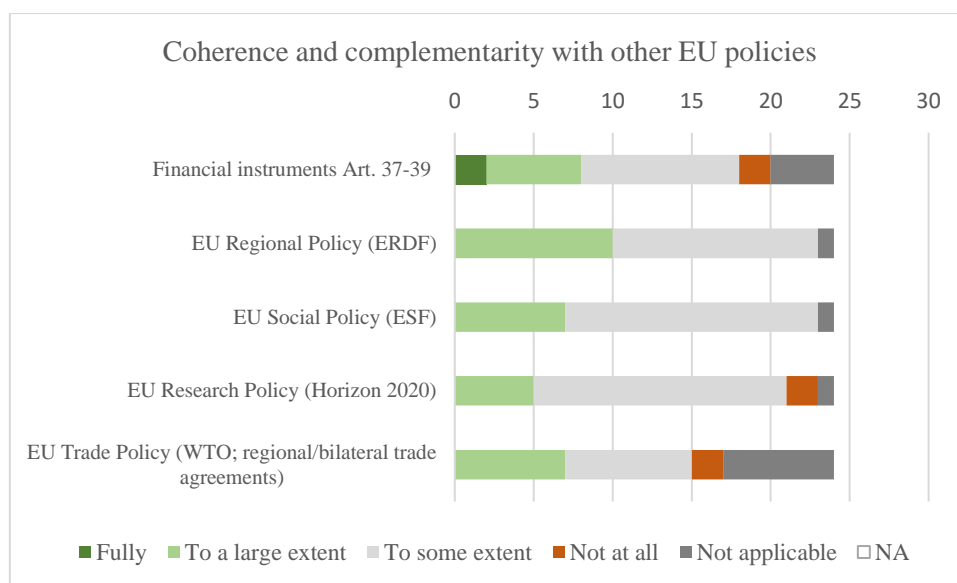


Figure 45 Coherence and complementarity with other EU policies

On a global scale, the hubs consider the level of coherence and complementarity of the CAP with other EU policies to be rather low. Less than one third of the hubs responding to the questions, indicate that EU Regional Policy, EU Research Policy, EU Social Policy and EU Trade policy deliver a coherent and complementary contribution with the CAP with regard to the territorial development of rural areas.

#### 3.5.3 Detailed results

##### **Financial instruments Art. 37-39 Regulation (EU) 1303/2013**

Generally, the use of *Financial instruments* for agriculture or rural areas under the CAP varies considerably from region to region. In the **Community of Madrid** and in **Brandenburg**, financial instruments have not been used for the agricultural sector, whereas **Friuli Venezia Giulia** reports a high application of financial instruments in agriculture.

Only **Brod-Posavina** and **Catalonia** are positive about the coherence and delivery of CAP instruments in combination with Financial instruments, both indicating 'fully' when it comes to the extent that the applicable CAP instruments together with the Financial instruments (Art. 37-39, Regulation (EU) No. 1303/2013 'deliver a coherent and complementary contribution' (question 69, [Annex II](#)). **Brod-Posavina**, however, restricts this assessment to those cases where certain project elements are not

financially viable and therefore a combination of financial instruments and grant support can render the project economically sustainable. Other hubs, such as **Thessaly**, the **Northern & Western Regional Assembly**, **Brittany** or **Dubrovnik-Neretva** report having used these instruments and appreciated the possibility of integrating different types of support.

### ***EU Regional Policy (ERDF)***

Among the suggested funds, the *ERDF* yields the highest approval rate, but the majority of the responding hubs indicating that it only 'to some extent' delivers a coherent and complementary contribution in combination with the applicable CAP instruments.

**Brandenburg**, for example, indicates that the EAFRD – as a structural fund – is a key factor in regional development in its territory and that it adds to and conjuncts with the ERDF and ESF Structural Funds. A good level of coordination between the measures of the two funds is further reported by **Baden-Württemberg** (part of the IBK) and **Helsinki-Uusimaa**. The **Autonomous Province of Bolzano/Bozen** mentions broadband financing by the ERDF as an example for a complementary area of intervention. Also for **Alentejo**, support to (large scale) rural infrastructure is one of the main venues for ERDF measures in combination with EAFRD. However, the hub considers the design of ERDF measures to be too distant to the actual needs of agriculture, and more specifically innovation in agriculture. The hub therefore calls for a better cross-sectoral integration of ERDF operational programmes that are more in support of agriculture and the food sector. The ERDF should also "*not promote unfair competition between agriculture and other sectors, notably tourism, in the access to limited resources such as land, water, labour or innovation.*" according to the hub.

Similarly, pointing to the differing foci of EAFRD measures across regions, **Flanders** explains that in its territory the focus is more on the urban areas, thus not accounting extensively for needs of rural areas beyond the activities linked to agriculture. The hub thus states that generally, EU Regional Policy should be more responsive to rural areas than this is currently the case, because "*the CAP cannot be expected to cover everything*". In this view, **Brittany** considers it problematic that the ERDF concentrates some of its interventions on the urban environment while the same challenges affecting urban areas may also affect rural areas. The latter of which, however, are not provided for with adequate resources by the EAFRD. **Brittany** mentions 'soft mobility' as one of such challenges faced by both urban and rural areas.

### ***EU Social Policy (ESF)***

For the ERDF only around one third of the respondents indicating 'to a large extent' – the *ESF* in some regions delivers a coherent and complementary contribution together with the applicable CAP instruments.

**Brandenburg** explains that it is the EAFRD which plays an important role for improving social conditions in rural areas by supporting the rural economy in general – in this respect the EAFRD has to replace the ESF, in particular with regard to further training/vocational training measures in the agricultural sector." Also in other regions, professional trainings are financed by EAFRD funding. **Brittany** in this regard reports that financing training outside the ESF is difficult, for example due to critical mass problems when designing operational programmes.

The **IBK** and **Helsinki-Uusimaa** further mention points of references with regard to the LEADER programme. According to **Helsinki-Uusimaa**, the role of LEADER was much more significant compared to ESF funding in its region. For Flanders, social policy is more of a cross-cutting issue in its

region, rendering CAP measures less relevant or insufficient to deal with social policy at the regional level.

Regarding venues for improvement, **Alentejo** further considers that social policy in general should support measures and mechanisms, which better fit low-density areas. Currently, the hub states, most of the instruments are designed to live up to the needs of urban, densely populated areas.

### ***EU Research Policy (Horizon 2020)***

Coherence between CAP instruments and the *EU Research Policy* (Horizon 2020 – Regulation (EU) No. 1291/2013) is considered relatively low: less than 20% of the respondents indicating 'to a large extent'.

According to several hubs, coherence can be reported especially with regard to the European Innovation Partnerships (EIP) Operational Groups (Emilia-Romagna, Friuli Venezia Giulia, Veneto, Flanders, North Rhine-Westphalia), which are provided with relevant information and can optimise results and improve their impact and transferability (Emilia-Romagna). **Flanders**, for example, considers the EAFRD and the Horizon 2020 framework to complement each other well. However, while the hub evaluates positively that Horizon 2020 measures are going beyond national and regional level, Flanders states that the specific territorial development needs are not sufficiently addressed because research focuses on agriculture and less on territorial development. In the same vein, **Brittany** comments that *'the results of research should be known and should benefit rural areas. It seems that research focuses heavily on agricultural production (in a broad sense), and little on rural areas'*. In addition, **Alentejo** asks for better convergence between research targets and CAP objectives.

The **Community of Madrid** gives a more detailed assessment of the complementarity between Horizon 2020 and the CAP (objectives). The hub notes that the outreach and applicability of its forecasts is limited to specific calls for proposals. According to the hub, the single option to draw together actions between the CAP via Operational Programmes and the directly related research field, is through so-called integrated projects. The **Community of Madrid** thus considers it useful to dedicate funds from the CAP to the preparation and implementation of those integrated projects and facilitate their practical set-up.

### ***EU Trade Policy (WTO; regional/bilateral trade agreements)***

According to a majority of the responding hubs, coherence between the CAP and *EU Trade Policy* is the one least manifest. At the same time, several hubs indicate a high need for coherence between the CAP and EU Trade Policy, which is already the case due to trade policy requirements applicable to CAP instruments and measures (Baden-Württemberg, North Rhine-Westphalia). The **Community of Madrid** explains in this regard that *"the CAP has traditionally viewed farms in the context of trade and therefore the CAP could not be understood outside the context of trade and even of development policies, which often include exemptions for certain agricultural practices in specific countries."*

Several hubs comment critically on any coherence between the CAP and EU Trade Policy, in particular with regard to meeting environmental objectives both inside and outside the EU agricultural market. **Alentejo**, for example, comments that the framework generated by trade agreements does not take into account climate change and environmental considerations and that this may cause competitive risks for climate/environment-friendly products from rural areas. **Friuli Venezia Giulia** further reports that some international trade agreements may cause *"potential threats to the competitiveness of local products and to food quality and safety"*- a view also shared by the **Community of Valencia** and **North Rhine-Westphalia**.

**Brittany** more nuancedly states that there is no coherence between the two policies. According to the hub, the challenge is "*to integrate issues relating to agricultural and rural areas upstream of the agreements and not a posteriori and to fully extend the concept of food autonomy in order to have a long-term strategic vision and clearly identify the interdependencies*".

## **4 Annexes**

## **Annex I: List of consulted stakeholders**

Number of participating hubs: 24

Number of consulted stakeholders: 99+

### **ADRAL/Alentejo**

- Associação dos Criadores de Bovino da Raça Alentejana
- ELIPEC - Agrupamento de Produtores de carne do Alentejo
- FAABA - Federação das Associações de Agricultores do Baixo Alentejo
- Associação de Agricultores do Campo Branco
- Associação de Agricultores do Litoral Alentejan
- Associação Portuguesa de Criadores da Raça Bovina Limousine
- Associação de Agricultores do Sul
- Associação de Criadores do Porco Alentejano
- Associação Nacional de Criadores de Ovinos da Raça Merin
- ALPORC - Agrupamento de Lavradores Criadores de Porco Alentejano
- APRS - Agrupamento de Produtores da Região Sul, S.A.
- ASLA - Agrupamento de Suinicultores do Litoral Alentejano, S.A.
- CARNALENTEJANA - Agrupamento de Produtores de Bovinos de Raça Alentejana, S.A.
- NATUR-AL-CARNES - Agrupamento de Produtores Pecuários do Norte Alentejano, S.A.
- PACOOP - Cooperativa de Produtores de Porco Alentejano e outras Esp.
- PORCSADO - Organização de Produtores em Suinicultura, LD
- PROMERT - Agrupamento de Produtores de Bovinos Mertolengos, S.A.
- AZEITANDO - Organização de Produtotres De Azeite, LDA
- AZEITONICES - Agrupamento de Produtores de Azeite, LDA
- OLIDAL - OLIVICULTORES DO ALENTEJO, C.R.L., PORTALEGRE
- OLIVUM - Associação de Olivicultores do Sul
- CEPAAAL - Centro de Estudos e Promoção do Azeite do Alentejo
- Associação Nacional dos Industriais de Lactcínios

### **Autonomous Province of Bolzano/Bozen**

- Agriculture Department – Office of the EU Structural Funds in Agriculture
- Forestry Department
- Department of Nature, Landscape and Territorial Development – Nature Office
- Europe Department – Office for European Integration
- Bolzano Coldiretti Agricultural Assistance Centre (CAA)
- Innovation Development Marketing (IDM) South Tyrol/Alto Adige

### **Brandenburg**

- Brandenburg Landesbauernverband (Land farmers' association)
- Fläming-Havel LEADER region
- Christian Zwiebler, Farmer
- Office for Agriculture, Teltow-Fläming Landkreis (Teltow-Fläming district)

- Prignitz Landkreis (Prignitz district)
- Ronny Lätzer, LSV
- Andreas Schmid, body dealing with livestock and wildlife
- Waldbauernverband (Brandenburg Foresters' Association)

### **Brittany**

- Regional Council of Brittany

### **Brod-Posavina**

- Agricultural School

### **Catalonia**

- Department of Agriculture, Livestock, Fisheries and Food – Government of Catalonia

### **Dubrovnik-Neretva**

- Dubrovnik-Neretva Council
- Konavle Municipality
- Ivo Vidak, OPG family farmer
- Ivica Prović, OPG family farmer

### **Emilia-Romagna**

- Directorate-General for Agriculture – Emilia-Romagna Region

### **Flanders**

- Department of Agriculture and Fisheries
- Vlaamse Landmaatschappij (Flemish Land Agency)

### **Friuli Venezia Giulia**

- Regional Directorate of Agriculture
- Managing Authority of the RDP 2014-2020
- Department of the Rural Policy and Agricultural Information Systems
- Central Directorate for Agricultural, Food, Forestry and Fisheries Resources Friuli Venezia Giulia

### **Harghita**

- Local producers, mayors, members of parliament, senators, farming organisations, rural development bodies, agencies, businesses applying for funding

## **Helsinki-Uusimaa**

- Centre for Economic Development, Transport and the Environment
- Helsinki-Uusimaa Regional Council
- ProAgria Keskusten Liito Ry/ Association of ProAgria Centres
- Central Union of Agricultural Producers and Forest Owners
- Nylands Svenska Lantbrukssällskap

## **Ialomita**

- Ialomita Directorate for Agriculture
- Ialomita Agency for payments and action in the area of agriculture
- Ialomita Agency for financing rural investment
- 66 mayors in the Ialomita county

## **Internationale Bodensee Konferenz**

### ***Baden-Württemberg***

- Ministry of Rural Areas and Consumer Protection
- Ministry of the Environment, Climate and Energy
- Association of Rural Areas
- Brewers' Association
- Baden-Württemberg Municipal Council
- Heidenheim district authority

### ***Vorarlberg***

- Department Va (Agriculture) in the Office of the Vorarlberg Provincial Government
- Department IVe (Environment and Climate Protection) in the Office of the Vorarlberg Provincial Government
- Vorarlberg Chamber of Agriculture
- Ländle Qualitätsprodukte Marketing GmbH
- Leader Local Action Group Regionalentwicklung Vorarlberg [Regional Development Vorarlberg]
- Leader Local Action Group Regionalentwicklung Vorderland-Walgau-Bludenz

## **Kosice Self-governing Region**

- Kosice Self-governing Region

## **Community of Madrid**

- Directorate-General for Agriculture
- Madrid Institute for Research and Rural, Agricultural and Food Development



## **Mazovia**

- Mazowieckie Office of Geodesy and Agricultural Facilities

## **Northern & Western Regional Assembly**

- 5 stakeholders across public bodies and farming associations

## **North Rhine-Westphalia**

- North Rhine-Westphalia Ministry of Agriculture
- Arnsberg regional administration
- Chamber of Agriculture
- Rhineland Agricultural Association
- Westphalia Agricultural Association
- North Rhine-Westphalia Association of Rural Women

## **Primorje Gorski-Kotar County**

- Administrative Department for Tourism, Entrepreneurship and Rural Development

## **Thessaly Region**

- General Directorate of Agricultural Economy, Veterinary & Fisheries, Attica Region
- Directorate of Agricultural Economy, Region of Eastern Macedonia & Thrace
- Region of Western Greece, Public Investment Program Office
- Directorate of Agriculture Economy & Veterinary Regional Unit of Trikala, Thessaly Region
- Agricultural Association of the Prefecture of Larissa
- General Organization of Land Improvements of Thessaly
- Local Organization of Land Improvements of Agia Sofia Prefecture of Larissa
- Local Organization of Land Improvements of Megarchi, Prefecture of Trikala
- Chamber of Trikala
- Region of Eastern Macedonia & Thrace, Department Plant and Animal Production
- Directorate of Agricultural Economy of Xanthi, Region of Eastern Macedonia & Thrace
- Thessaly Region, Directorate of Agriculture Economy, Department of Plant and Animal Production
- Directorate of Agricultural Economy Regional Unit of Drama
- Local Organization of Land Improvements, Drosero Trikala
- Thessaly Region, Directorate of Agricultural Economy of Larissa
- Thessaly Region, Directorate of Agricultural Economy of Magnesia & Sporades

### **Community of Valencia**

- Structural Aid Service – Government of Valencia
- Technology Transfer Service - Government of Valencia
- Rural Territorial Strategy Service - Government of Valencia
- Service Technician for Ecological Production, Innovation and Technology, Department of Agriculture, Rural Development, Climate Emergency and Ecological Transition
- Directorate General for Urban Planning, - Government of Valencia
- Valencia Region Tourist Board
- Agro-Food Cooperatives Federation of the Region of Valencia
- Valencian Government's Directorate-General for CAP

### **Veneto**

- Veneto Region - Directorate for EAFRD and Forestry - Managing Authority for the Rural Development Programme

### **West Pomerania**

- West Pomeranian Agricultural Chamber in Szczecin
- West Pomeranian Agricultural Advisory Center in Barzkowice
- West Pomeranian Voivodship Office (Infrastructure, Agriculture and Regional Development Department)
- West Pomeranian Marshal Office (Agriculture and Fishing Department)

## **Annex II: EU Survey questionnaire**

[Click here](#) to see the survey questionnaire.

### **Annex III: EU Survey statistics**

[Click here](#) to see the survey statistics.



## European Committee of the Regions

Created in 1994 following the signing of the Maastricht Treaty, the European Committee of the Regions is the EU's assembly of 329 regional and local representatives from all 27 Member States, representing over 447 million Europeans. Its mission is to involve regional and local authorities and the communities they represent in the EU's decision-making process and to inform them about EU policies. The European Commission, the European Parliament and the Council are obliged to consult the Committee in policy areas affecting regions and cities. It can appeal to the Court of Justice of the European Union if its rights are infringed or it believes that EU law infringes the subsidiarity principle or fails to respect regional or local powers.