



**European Committee
of the Regions**

**Commission for
Natural Resources**

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The impact of CAP on territorial development of rural areas



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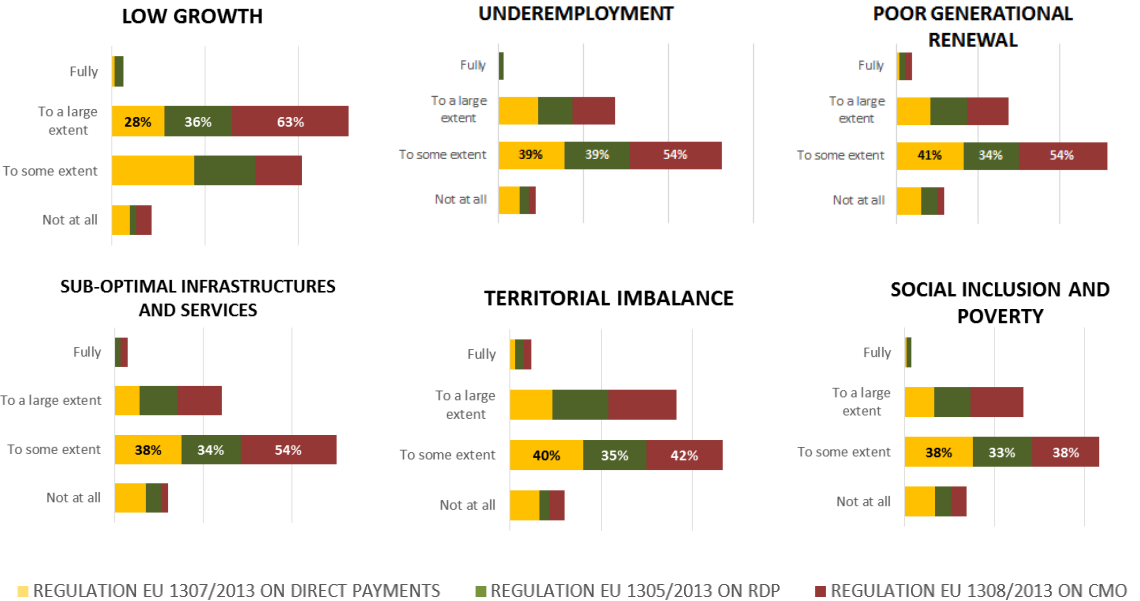
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Summary

In the first half of 2020, the European Committee of the Regions designed and launched a consultation on ‘Evaluation of the CAP impact on territorial development of rural areas’. Part 1 of this report summarises the results of the consultation which took the form of an online questionnaire and, overall, involved more than 200 stakeholders to different degrees. Conclusions and policy pointers for the future are drawn in Part 2.

Regional hubs report that some progress has occurred in the development of rural areas since 2014, although it is observed that the rural-urban divide is still important and that the agriculture sector suffers from negative trends such as reduced interest in farming, lack of generational change, and low incomes.

The consultation focused on understanding to what extent three EU Regulations have contributed in addressing some main challenges faced by rural areas over the 2014-2020 programming period. Replies indicate that Pillar II (Regulation EU 1305/2013) created the highest EU added value. By considering the three Regulations’ contribution in addressing each of the challenges, results show that the Common Agriculture Policy impacted most (i.e. ‘fully’ and ‘to a large extent’) on low growth and that Regulation EU 1308/2013 on the common organisation of the markets (red bar in the charts) is the most effective. In addition, Pillar II (green bar) appears to be more effective than Pillar I (Regulation EU 1307/2013 – yellow bar in the charts).



Still, it is evident that there is ample room for improving the effectiveness of the aid granted under both the RDP and the CAP Direct Payments.

Part 1. Analysis of data submitted by the regional hubs

1.1 The consultation and respondents' perception of progress over the 2014-2020 programming period (Q1 to Q2)

Out of the 36 members of the Network of Regional Hubs, 24 replies were received and validated by the European Committee of the Regions (Annex I). The majority (79%) of the participating hubs consulted with third parties within their respective regions. The highest involvement was accomplished by the regional hub of **Alentejo** which consulted 44 distinct stakeholders on specific aspects of the consultation. Overall, more than 200 public and private actors were involved to different degrees in the consultation which took the form of an online questionnaire with 187 questions and sub-questions, out of which 143 were open. At completion of the questionnaire (Q74), few regional hubs criticised its length and/or its design. Indeed, several of the open questions were left empty.

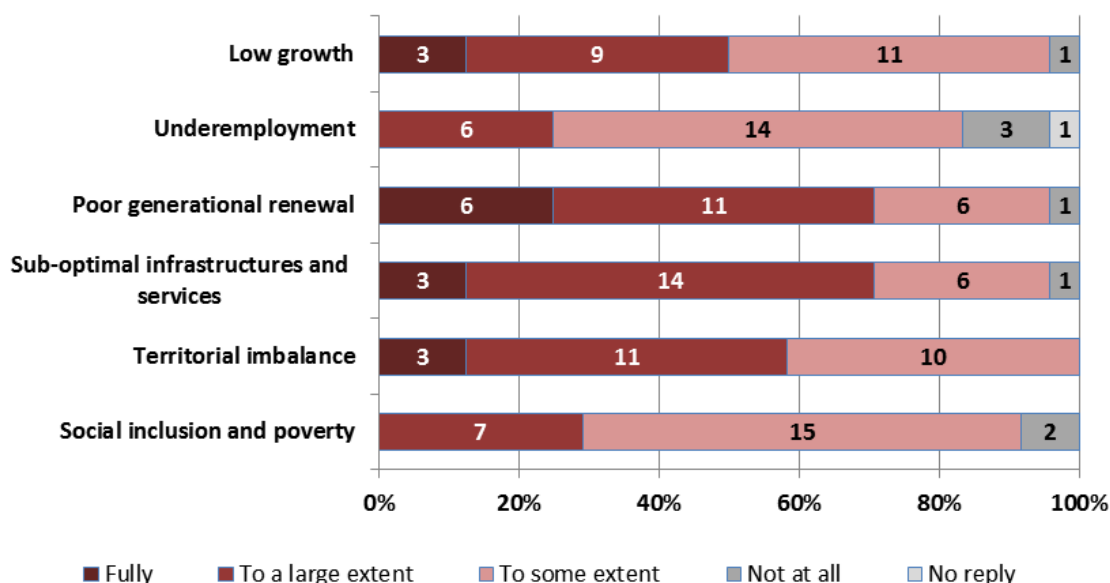
At first, regional hubs were asked to evaluate the development of rural areas in their respective regions during the 2014-2020 programming period. Although they were invited to refer to some specific indicators, the question was left open and led to very diverse replies. At least ten regional hubs mentioned the occurrence of some positive developments over the given period. For example, **Bolzano** has an overall positive evaluation of the development of its rural areas. But more frequently, positive developments are mentioned as occurring concurrently to negative ones. For example, **Alentejo** acknowledges economic growth of rural areas but underlines negative trends in terms of population decline and youth unemployment. These latter aspects are also commonly pointed to as important problems by other hubs, together with population ageing, lack of infrastructures and low availability of services. Lower income and risk of poverty are the developments mentioned by **Kosice**, **Thessaly**, **IBK** and **Madrid**. **West Pomerania** underlines that rural development does not appear to be viable as farms have a modest level of autonomy and would not be able to compete on the market without existing EU resources, safety nets and preferential mechanisms.

Hubs were also asked to evaluate the development of the agricultural sector in their respective regions over the same period 2014-2020. Replies to this open question were also very diverse. Among the common trends identified are the decreasing number of farms and the increasing average size of farms. The average age of farmers is also commonly reported to increase while only few hubs report increasing interest in being involved in agriculture by the youth (**Dubrovnik** and **Alentejo**). Low income level is widely mentioned, although a few hubs indicate an increase of the average income over the period 2010-2016. More precisely, **Friuli** specifies that the ratio between the farmer's net income and the average employee wage increased from 45% in 2010 to 62% in 2016. And **Madrid** reports that the average economic value of farms has risen from EUR 26,337 per farm to EUR 30,058 per farm over the same period.

1.2 Evaluation of the direct payment (regulation EU 1307/2013) impact on territorial development of rural areas (Q3 to Q23)

Regional hubs were asked if and to what extent their rural areas were affected by six main challenges related to the socio-economic dimensions of the CAP and derived from a [background document](#) of the Commission on 'modernising and simplifying the CAP'. Results show that low growth, underemployment, and social inclusion and poverty are marginally relevant ('to some extent') or irrelevant ('not at all') for 50% of the hubs or more (Figure 1). On the other hand, generational renewal is the most important challenge faced by regions.

Figure 1. Please indicate to what extent the following challenges are faced by your region (Q3).



Among the other challenges considered important by the hubs are: need for evolution/change determined by climate change (**Alentejo, Ialomita, IBK, Emilia-Romagna**); incongruence between the society’s demands on agriculture and willingness to pay for agricultural products (**Brandenburg, IBK**); (clean) mobility (**IBK, Brittany**); environmental aspects such as soil quality, water quality, landscape quality, and biodiversity (**Flanders**); lack of digitalisation and access to technology (**Valencia, Dubrovnik**); and competition for land by non-agricultural use and urbanisation (**IBK, Mazovia**).

Regional hubs were then asked questions on how major aspects of the EU direct payment system (Regulation (EU) No 1307/2013) had addressed the challenges previously outlined. An overview of replies is given in Figures 2 and 3.

Figure 2. To what extent do the definition of active farmers, the possibility of degressivity & capping, the basic payment scheme, the single area payment scheme and the redistribution payment address rural areas' challenges? (Q5, Q6, Q7, Q9, Q11)

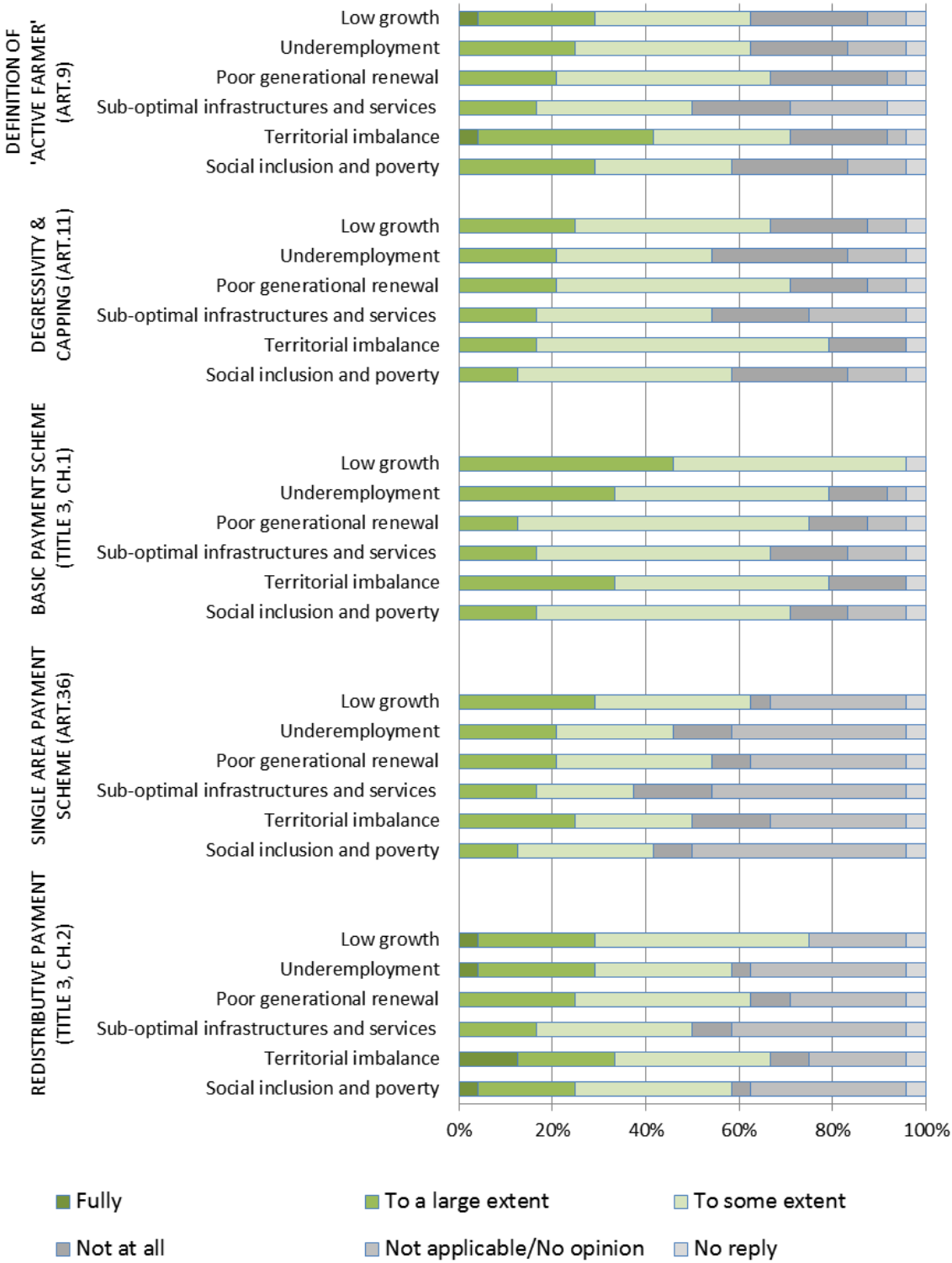
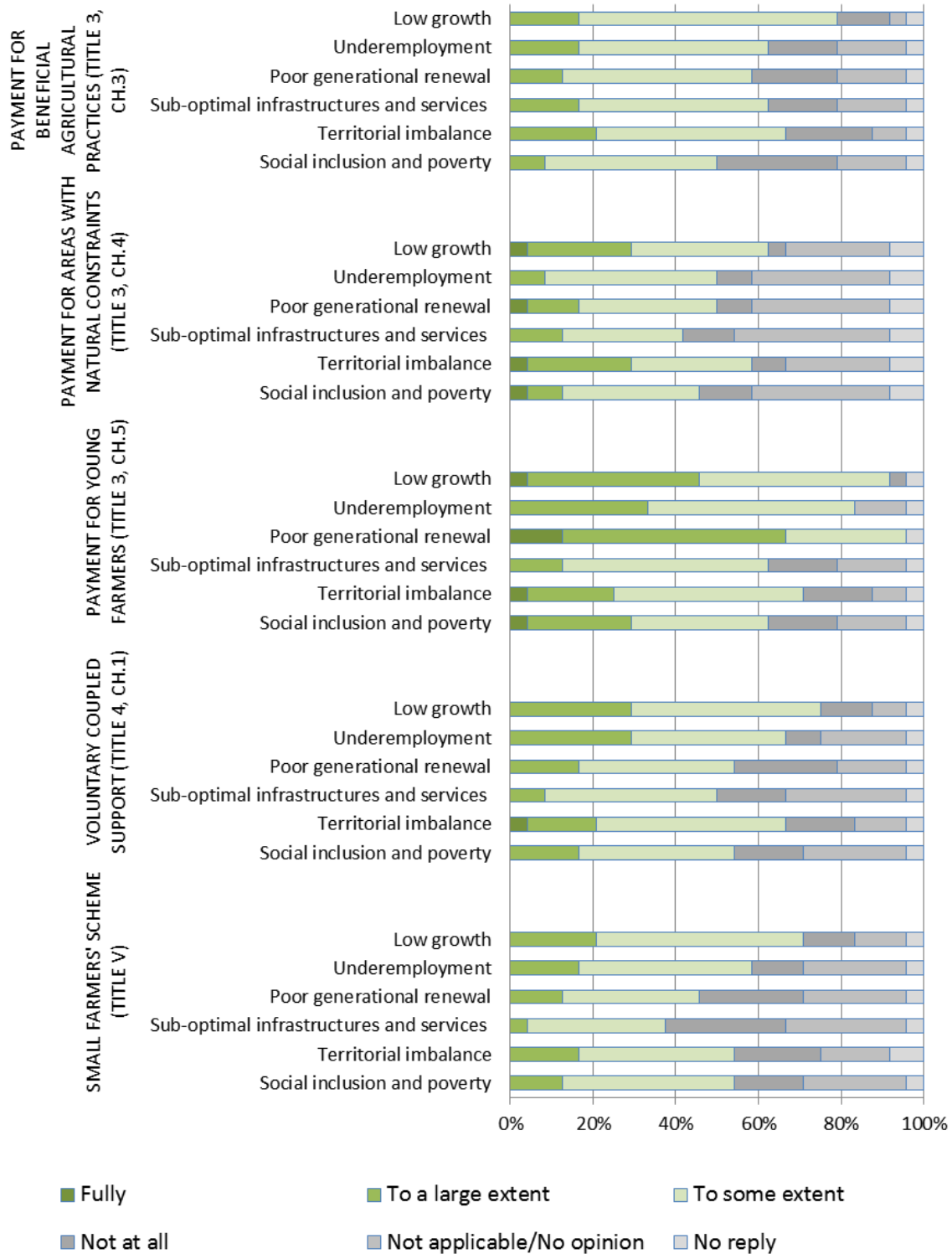


Figure 3. To what extent do the payment for beneficial agricultural practices, the payment for areas with natural constraints, the payment for young farmers, the voluntary coupled support and the small farmers' scheme address rural areas' challenges? (Q13, Q15, Q17, Q19, Q21)



The definition of *active farmers* (Q5) has received the highest number of ‘not at all’ selections with respect to its suitability in addressing rural areas’ challenges (23% on average across the given challenges). Still, it is believed by some hubs to have an impact on territorial imbalance and growth, and, to a lesser extent, on social inclusion and poverty. In fact, there are very diverse views across hubs. **NRW** believes that such definition is disadvantageous for part-time farmers and weakens rural areas. Also **Bolzano** believes that the definition should be widened to include part-time workers, as extra income is commonly pursued by smallholders and family-run farms. On the other hand, the **Flanders** and **Friuli** believe that the definition helps in correctly channelling funds. **Veneto** adds that focusing aid on active farmers may lead to a relative increase in their number and help raise the interest of young people in agricultural activities. **Madrid** and **Thessaly** further stress the need to encourage the professionalisation of agriculture in order to add value to the profession and make farming, and the resulting food chain, more profitable.

On average, only 19% of the regional hubs consider *degressivity and capping* (Q6) to address ‘to a large extent’ rural areas’ challenges (no selections are made for ‘fully’). Similarly to the definition of active farmer, the number of ‘not at all’ selections is very high. Some hubs consider these measures insufficient to fill the gap between small-scale and large-scale farming (**Bolzano**) while **Brandenburg** and **Thessaly** believe that they have a negative impact on rural areas in terms of competitiveness and employment. The argument is that there is no evidence that the negative impact of degressivity and capping on large farms is offset by a positive impact on smaller farms.

The *basic payment scheme* (Q7, Q8) is considered useful to address all the mentioned challenges but altogether it is believed to be general and unfocused. It therefore has a very high number of ‘to some extent’ selections (51% on average across the given challenges). **IBK** defines it as a simple and reliable source of income that can help improve farms’ financial situations and mitigate low growth, underemployment and poor generational renewal. **Thessaly** believes it is more effective in addressing social inclusion and poverty than the other challenges. **West Pomerania** notes that it does not impact on growth and does not help in preventing migration from rural areas to cities. With regard to implementation, the main identified driver of success is that it is a consolidated income support system (**Brandenburg**). The main identified constraints are: aid decoupled from income overlooks the different needs of farms (**Brittany**); existence of payment entitlements which do not favour sectorial dynamism (**Emilia-Romagna**); and land-related payment that does not reward innovative businesses developed on small surfaces (**Flanders**).

The *single area payment scheme* (Q9, Q10) is applicable in a lower number of regional hubs than the basic payment. Comments on the way this scheme addresses the mentioned challenges are similar to the ones made for the basic payment scheme.

The *redistributive payment* (Q11, Q12) is generally considered useful to help mitigate the disadvantages of small farmers. It is believed 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. Among the criticisms, **Brandenburg** reports that this payment weakens larger farms. Some regional hubs agree that this type of support is useful but not sufficient; 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 evidently outlined, while among the main identified constraints are: insufficient allocation of resources (**Bolzano, Brittany, Valencia**); 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); difficulties in management and in achieving the proper distribution of aid (**Madrid**); and onerous and complex procedures (**Ialomita**).

Payment for agricultural practices beneficial for the climate and the environment (Q13, Q14) is considered by several of the hubs (48% on average) to address ‘to some extent’ rural areas’ challenges. The number of ‘not at all’ selections is high. Often, an indirect rather than direct effect of this type of payment on the said challenges is mentioned. Among the few regional hubs having selected ‘to a large extent’ for one or more of the challenges, only **Bolzano** fully justifies its choice. In fact, in alpine environments, farming, preservation of the landscape and tourism attractiveness are combined together and any support given to extensive farming practices generates development, jobs and growth prospects across sectors. From a different perspective, **Brandenburg** believes 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*’. With regard to implementation, the main identified driver of success is an increased awareness by farmers of the importance of beneficial practices, and the main identified constraints are: several practices that are beneficial for climate change and the environment are not eligible for funding (**Brod-Posavina, Alentejo**); ageing and/or uninformed farmers (**Thessaly**); and red tape (**NRW**) and management difficulties (**Bolzano, Madrid**).

The *payment for areas with natural constraints* (Q15, Q16) is applicable in approximately two-thirds of the regional hubs. Opinions on its impact are consistently positive across hubs, although only **Madrid** evaluates it as ‘fully’ addressing some of the challenges. With regard to implementation, the main identified drivers of success are that it tackles real needs (**Alentejo**) and that application procedures are simple (**IBK, Brandenburg**). One of the main identified constraints refers to the spatial definition of areas with constraints (**NRW**).

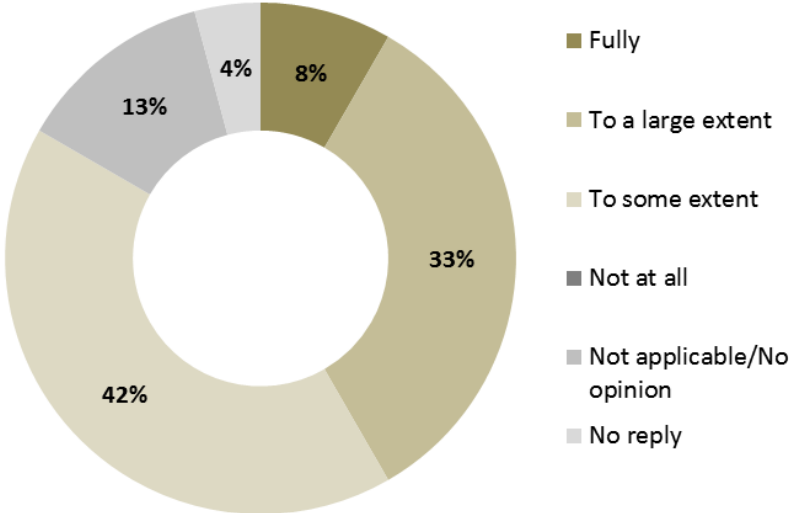
Comments on the scope of the *payment for young farmers* (Q17, Q18) are generally positive across regional hubs although it is noted that the given support is small. With regard to implementation, the main identified driver of success refers to the fact that it contributes to meeting the high financial needs that exist at the initial stage of the farming profession. Among the main identified constraints are: allocation of a small budget and low level of financing compared to needs (**Bolzano, Thessaly, Uusimaa**); eligibility of only some legal forms and type of criteria to be met (**Brandenburg**); and administrative burden (**Harghita, Ialomita**).

Prevailing positive comments are made on the *voluntary coupled support* (Q19, Q20). **Brittany** in particular reports that this support suits fragile and/or strategic activities and that in the region it has improved ‘*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, this support is mostly assessed to address ‘to some extent’ rural areas’ challenges. With regard to implementation, the main identified drivers of success include: it may be focused on specific difficulties (**Alentejo**) and is relatively easy to obtain (**West-Pomerania**). The main identified constraints are: it may only be granted for certain measures (**Brod-Posavina, Flanders**), and low return of granted aid with respect to rural areas’ challenges (**Emilia-Romagna, Friuli**).

The *small farmers' scheme* (Q21, Q22) is in general positively assessed as it keeps some small farming activities viable. However, the prevailing opinion is that the scheme is unable to properly address rural areas’ challenges. Thus, the number of ‘not at all’ selections is high. With regard to implementation, the main identified drivers of success refer to the fact that it is easy to manage, both for the recipient and the administration (**Madrid**). The main identified constraints are the many conditionalities established by law for accessing the scheme (**Ialomita**), and the limited aid granted (**Thessaly**).

Finally, regional hubs were asked to evaluate the EU added value created by Regulation EU 1307/2013 in order to overcome rural areas' challenges (Q23). Although only two hubs (8%) believe that the Regulation fully fits this scope and the majority of hubs (42%) repute it to marginally (i.e. 'to some extent') create EU added value (Figure 4), comments are in general positive on its effects (e.g. food security, level playing field, fair competition) and underline the importance of a common EU framework and harmonised system. For example, **Bolzano** specifies that EU resources cannot be replaced by '*national/provincial aid of the same overall scale and scope*'. Among the criticisms, **Friuli** mentions that the direct payment system rewards large-scale farming and therefore there is an imbalance across countries between the premiums paid and the value of land benefitting from these premiums. **IBK** reports that payments are not sufficiently targeted and that they '*do not create sufficient added value for the environment or biodiversity*'.

Figure 4. To what extent, does the direct payment regulation create EU added value to overcome rural areas' challenges? (Q23)



1.3 Evaluation of the Rural Development Policy (Regulation EU 1305/2013) on territorial development of rural areas (Q24 to Q65)

Regional hubs were asked questions on how major measures of Regulation EU 1305/2013 on the support provided by the EAFRD for rural development policy (RDP) had addressed the six challenges outlined above. The overview of replies is given in Figures 5, 6 and 7.

Knowledge transfer and information actions (Q24, Q25) are assessed by one third of the regional hubs (33% on average across the given challenges) to contribute ‘to a large extent’ to rural areas’ challenges, in particular low growth. Notwithstanding the prevailing assessment of ‘to some extent’ contribution (44%), there is an overall positive perception of these actions. Even those hubs having negatively, or not having, assessed the impact do not provide clear criticisms. With regard to implementation, the main identified drivers of success include: free access to courses of strategic relevance (**Emilia-Romagna**), structured approach (e.g. catalogue of courses, topics, a coaching system in place) (**Emilia-Romagna, Friuli**), delivery through the administration’s own services (**Madrid**), and timely delivery. The main identified constraints are: lack of broadband coverage (**Brandenburg**), shortage of in-house expertise in public bodies and services (**Thessaly**), administrative burden (**Brandenburg, Bolzano, IBK**), and delays in delivery (**Thessaly**).

Advisory services, farm management and farm relief services (Q26, Q27) are also assessed by about one third of the hubs (32% on average) to contribute ‘to a large extent’ to rural areas’ challenges, and by 28% of the hubs to contribute ‘to some extent’. Also in this case, comments are generally positive, but it is noted that funds committed through these services do not always deliver corresponding benefits (**Brandenburg**) and that in several cases farmers are reluctant to use these services unless they are obliged to do so (**West Pomerania**). 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**), simple support process (**IBK, Brandenburg**), for example through an online application (**Flanders**), and structured approach (e.g. catalogue of services, wide range of topics covered) (**Emilia-Romagna, Flanders**). The main identified constraints are: administrative burden for the managing authority (**Friuli, Flanders, Valencia**), lack of a trust relationship between service provider and recipient (**Madrid, Thessaly**), delays in delivery (**Thessaly**), and the need to train advisors (**Thessaly**).

Quality schemes for agricultural products and foodstuffs (Q28, Q29) are assessed by, on average, 24% of the regional hubs to contribute ‘fully’ or ‘to a large extent’ to rural areas’ challenges. The selection of the ‘to some extent’ option prevails (44% on average). Regional hubs selecting the ‘fully’ option do not clearly justify their choice. In addition, it appears that several of the comments relate to quality schemes in general, or those supported through national funding (**Uusimaa, IBK**), hence 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 implementation, the main identified driver of success is that the measure provides for better market opportunities for high-quality regional products (**Emilia-Romagna**). The main identified constraints are: higher costs for producers (**Emilia-Romagna, Brandenburg**) with the cost-benefit ratio often being unprofitable (**Catalonia**), support is limited to the initial stage of joining the scheme (**Friuli**), insufficient consumer awareness and knowledge (**Mazovia**), poor availability of products that meet the quality scheme requirements (**Mazovia**), lack of quality controls by the competent services (**Thessaly**), and lack of culture and knowledge for producing quality products (**Thessaly**).

There is a broad consensus among regional hubs to consider *Investments in physical assets* (Q30, Q31) 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, it is mentioned that modernisation of buildings and equipment increases competitiveness and revenues but also environmental standards, working conditions for farmers and animal welfare. **Uusima** notes that because profitability in agriculture is so low, it would be very difficult to make investments (for example, in buildings) without this type of support. **Mazovia** reports that they expect a repayment period of 3 to 7 years in the form of increased income of farmers. With regard to implementation, the main identified drivers of success include: 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 main identified constraints are: administrative burden (**Brandenburg, Emilia-Romagna**) including problems with access rules (**Emilia-Romagna, Friuli**) and in setting the conditions for the use of the funds (**Kosice**), and limited financial allocation which is unable to respond to needs (**Emilia-Romagna, Friuli, Mazovia, Catalonia**).

For several regional hubs, *restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention* (Q32, Q33) is not applicable. Still, this measure is considered by, on average, 22% of the hubs to address ‘fully’ or ‘to a large extent’ the challenges. The common remark is that any support providing relief after a disaster is welcome. However, it is evident that the reflection on insurance mechanisms lags behind.

Farm and business development (Q34, Q35) 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, its main objective is to support the establishment of young people in farming and this explains why poor generational renewal is the most addressed challenge. With regard to implementation, the main identified drivers of success include: appropriate set-up support (**Alentejo, Brittany**) and the possibility of adjusting interventions to local needs (**Emilia-Romagna**). The main identified constraints are: access to land and credit, especially for young people to set up as farmers (**Friuli, Madrid, Thessaly**), low development and attractiveness of rural areas for young people to move in (**Valencia**), and administrative burden (**Brandenburg**).

Basic services and village renewal in rural areas (Q36, Q37) are considered by, on average, 44% of the hubs to address ‘fully’ or ‘to a large extent’ the challenges. In particular, these measures are believed to contribute to improved living conditions and attractiveness of rural areas, not only for tourists but also for young families. High-speed broadband infrastructure deployment is one example of initiatives funded under this measure whose value lies in providing ‘*support for public investment at a time of economic downturn*’ (**Emilia-Romagna, Friuli**) and/or to rural areas’ municipalities which have limited tax revenues (**Brandenburg**). With regard to implementation, the main identified drivers of success include: the possibility of tailoring interventions to local needs (**Emilia-Romagna, Flanders**), and active involvement of local authorities in seeking funds (**Thessaly**). The main identified constraints are: administrative burden (**Ialomita, Emilia-Romagna, Friuli**) which is also considered disproportionate to the size and results of the projects (**Flanders**), lack of planning at the level of rural areas (**Mazovia**) or not-aligned planning across local, regional and national levels (**Alentejo**), and insufficient funds compared to needs (**Emilia-Romagna, Mazovia**).

Investments in forest area development and improvement of the viability of forests (Q38, Q39) is considered by, on average, 23% of the hubs to contribute ‘to a large extent’ to address challenges. Since its main impact is believed to be on the environment and on climate protection, none of the hubs selected the ‘fully’ extent option. With regard to implementation, the main identified driver of success relates to the fact that it responds to real needs (**Alentejo**). The main identified constraints are: the long-term risk of penalty payments/aid recovery (**Brandenburg, IBK**), the conditionality of support (**Brod-Posavina**), and the complexity of the legislation and or rules/management of the forest sector which in general hamper its development (**Emilia-Romagna, Thessaly**).

Setting-up of producer groups and organisations (Q40, Q41) 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 not applicable in several hubs, it is largely perceived in a positive manner. With regard to implementation, the main identified driver of success refers to the fact that the measure evidently improves marketing opportunities (higher bargaining power, opening of new markets). The main identified constraints are: the reluctance of farmers and lack of trust among them (**Alentejo, Mazovia, Thessaly**), the still low awareness of producers on the benefits brought by grouping together (**Dubrovnik**), and the lack of adequate legislative framework (**Ialomita**).

Figure 5. To what extent do Articles 14, 15, 16, 17, 18 and 19 of Regulation EU 1305/2013 address rural areas' challenges? (Q24, Q26, Q28, Q30, Q32, Q34)

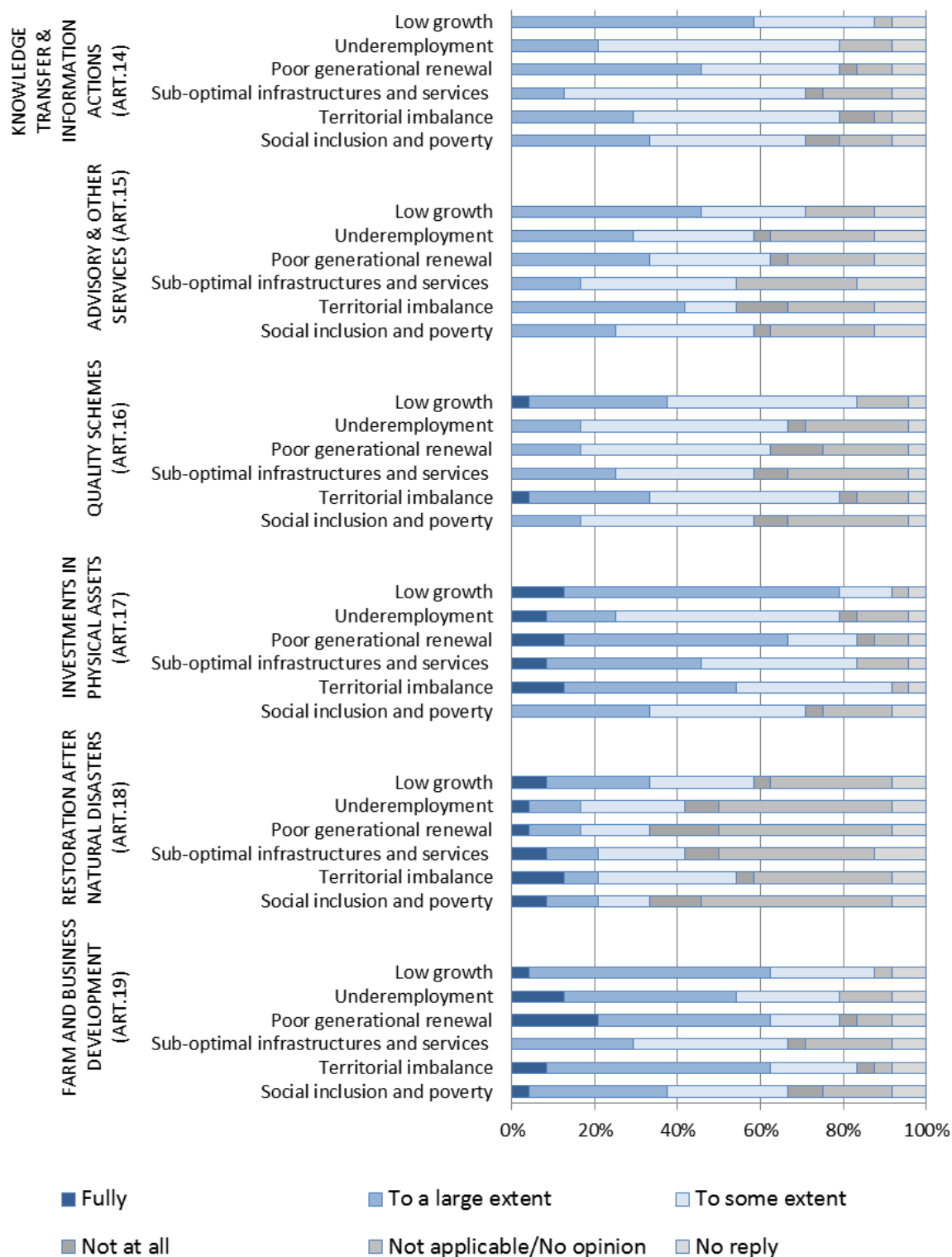


Figure 6. To what extent do Articles 20, 21-26, 27, 28, 29 and 30 of Regulation EU 1305/2013 address rural areas' challenges? (Q36, Q38, Q40, Q42, Q44, Q46)

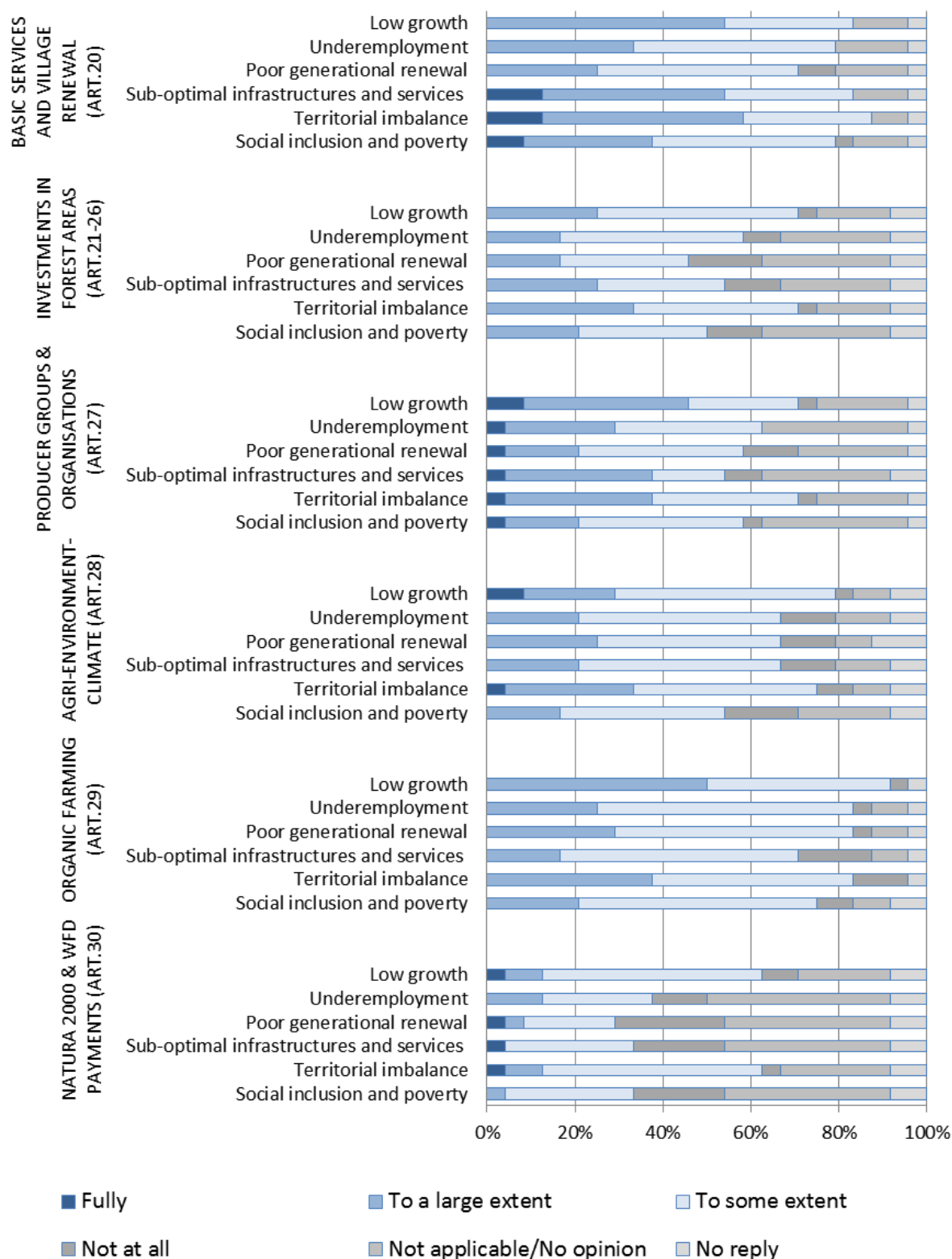
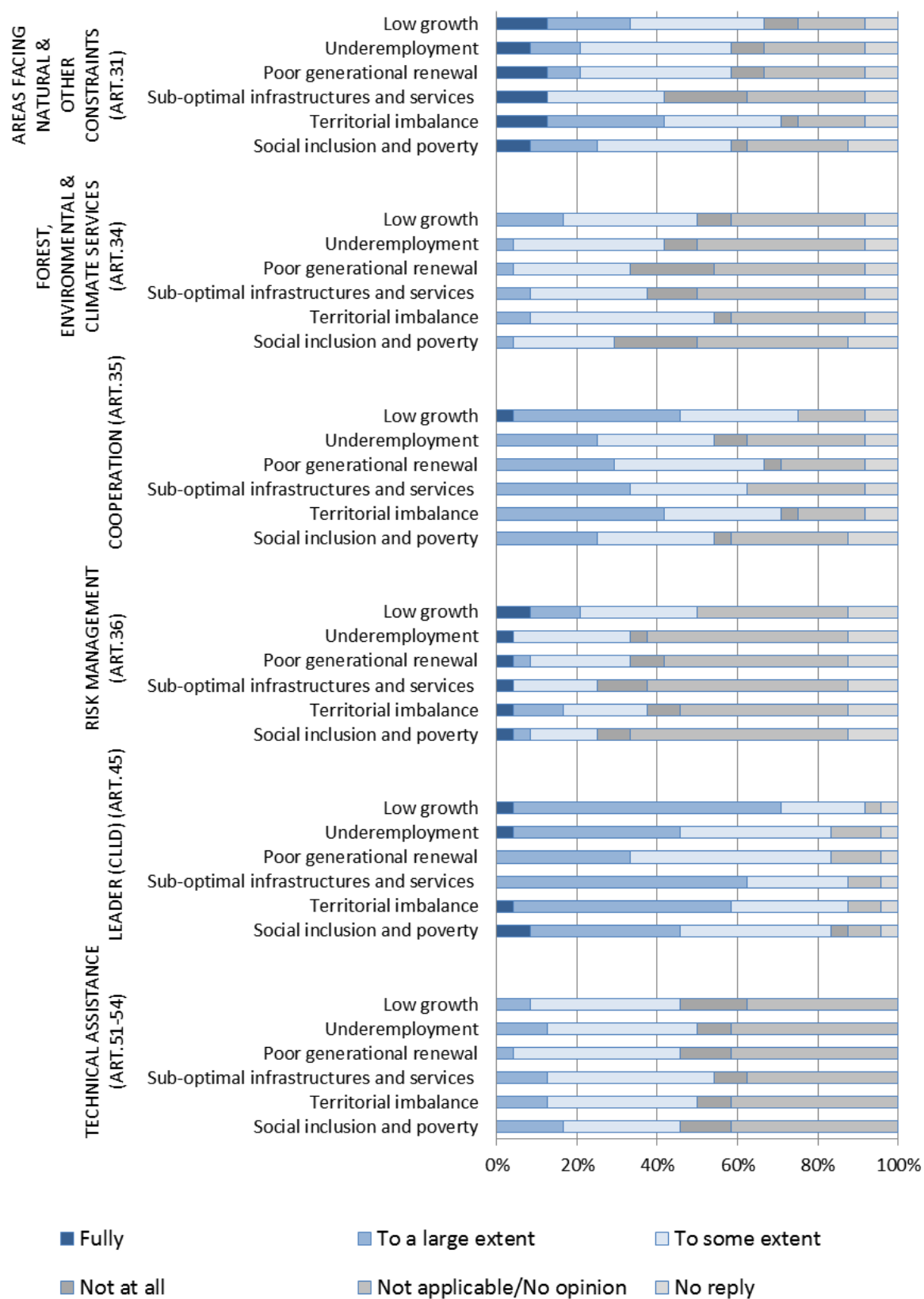


Figure 7. To what extent do Articles 31, 34, 35, 36, 45 and 51-54 of Regulation EU 1305/2013 address rural areas' challenges? (Q48, Q50, Q52, Q54, Q56, Q58)



There are opposing views on the impact of the *Agri-environment-climate* measures (Q42, Q43) 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 a clear link between the tackling of environmental challenges and of development challenges. For example, in **Brittany** these measures ‘*account for 21.1% of the EAFRD model*’ in the region, where the model allows ‘*to build resilience, gain competitiveness and increase the income of Breton farmers*’. **Uusimaa** also reports a very high take-up rate of these measures (87% of the farmers). With regard to implementation, the main identified driver of success relates to the fact that they are highly popular, well-received measures among farmers. The main identified constraint is administrative burden (**Valencia**), including the long commitment period required (**Brandenburg**) and a number of conditions for support which are not always easy to comply with in daily farming practice (**Flanders**).

Organic farming (Q44, Q45) is generally considered to add value to farming activities in terms of economic return. Still, it is assessed to address ‘to a large extent’ the identified challenges by only 30% of the hubs. More than half of the hubs (51% on average) repute it to contribute only ‘to some extent’ to rural areas’ challenges. It is noted that impact varies across hubs depending on how much the organic sector is developed at the territorial level, especially in terms of sale channels. As **Valencia** puts it, ‘*the aid represents one kind of support for the sector that must be complemented by other strategies to achieve the objectives*’. With regard to implementation, the main identified drivers of success include: an increasing demand for organic produce (**Flanders**), simple application process (**Flanders**), and well-received measure among farmers (**Friuli**). The main identified constraints are: farmers’ interest in quality is still limited (**Mazovia**), limited budget available (**Thessaly**, **Emilia-Romagna**), and many restrictions of organic farming with regard to the organisation of work and quality of production (**West Pomerania**).

Natura 2000 and Water Framework Directive payments (Q46, Q47) are believed to respond to environmental objectives but to contribute little in addressing rural areas’ challenges. Only **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 implementation, no major drivers of success are outlined. On main identified constraints, **Bolzano** notes that ‘*payments under Natura 2000 are currently too low compared to the general agricultural subsidies to have a significant effect on socio-economic development*’. **Friuli** 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*’.

There is a reasonable consensus among regional hubs to consider *Payments to areas facing other specific constraints* (Q48, Q49) important to address rural areas' challenges. Mountain areas are frequently mentioned by respondents to benefit from these payments, the effects being preventing land abandonment and allowing farming activities to continue. In particular, these payments are mentioned to be very important for **Uusimaa** as well as for the whole of Finland. With regard to implementation, the debate focuses on territorial demarcation. **IBK** reports that since classification of areas is automatically done, the application process for eligible farmers is very simple. **Friuli** as well considers having objective criteria against which payments are made a positive driver. Instead, **Emilia-Romagna** believes that these parameters and the lack of flexibility in adjusting the premium constrain the measure's implementation. Catalonia adds that communities facing the same problems cannot benefit from the same type of aid because their location does not classify as eligible.

Forest-environmental and climate services and forest conservation (Q50, Q51) is either 'not applicable' or is not considered relevant (i.e. 'not at all' selection) to address rural areas' challenges by, on average, 51% of the regional hubs. The other hubs believe this measure has a limited direct relevance for rural areas' challenges and its effects are mostly indirect (**Brandenburg**). With regard to implementation, the main identified driver of success relates to the fact that it is the only available measure of its kind (**Catalonia**). The main identified constraints are: the need of pre-financing and complicated guidelines (**Brandenburg**) and limited financial allocations (**Brandenburg, Catalonia**).

Co-operation (Q52, Q53) is considered by, on average, 34% of the hubs to contribute 'fully' or 'to a large extent' to rural areas' challenges. A similar share of hubs (31% on average) repute it to contribute only 'to some extent' to 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. **Emilia-Romagna** and **Friuli** note that the measure has an innovative approach which has facilitated the development of public-private partnerships. **Flanders, Madrid, Brandenburg, Brittany** and **IBK** confirm the role of this measure in tackling agricultural innovation. In addition, **IBK** underlines that '*The measure also has an impact with limited financial resources, and has a significant stimulus effect*'. With regard to implementation, it is worth noting the rather long list of main drivers of success outlined in the questionnaire, and including: multi-stakeholder approach (**Madrid**), sharing of coherent territorial development strategies among the different stakeholders (**Friuli**), innovative character (**Flanders**), bringing academia and the scientific spheres closer to the problems and concerns of producers (**Madrid**), flexibility (**Madrid**), and encouraging synergies with other EU funds (**Madrid**). The main identified constraints are: difficulties in reaching

out and/or engaging some stakeholders (**Brandenburg, Brittany**), administrative burden (**IBK, Bolzano**), which makes the measure not accessible to all actors (**Brittany**), or makes requirements for small projects disproportionately demanding with respect to expected results (**Flanders**), and difficulties caused by the novelty of the approach (**Friuli, Madrid**).

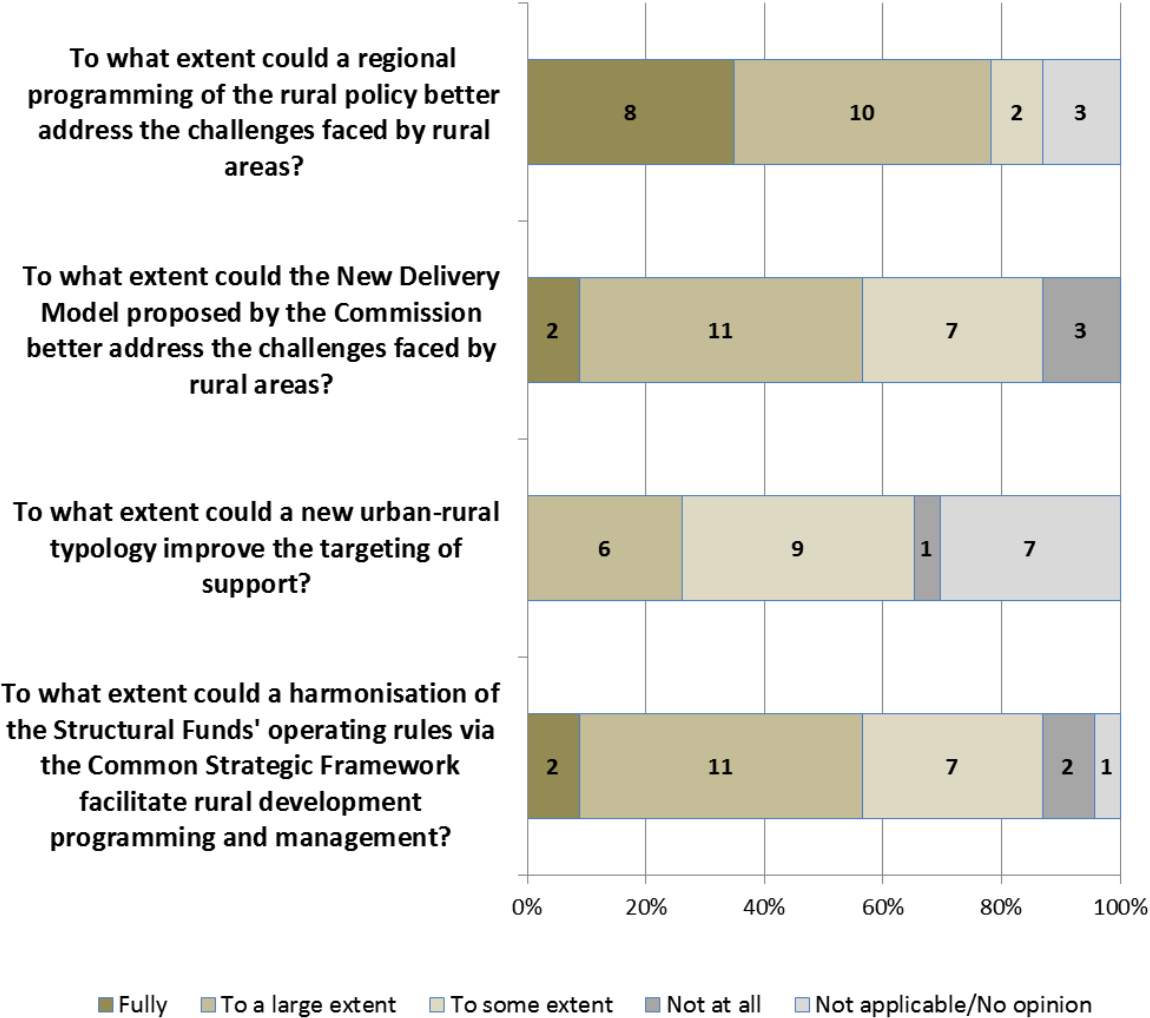
Risk management (Q54, Q55) is considered to contribute ‘fully’ or ‘to a large extent’ to rural areas’ challenges by only, on average, 11% of the hubs. There is a high incidence of ‘not applicable’ which is also due to the fact that in some cases risk management is applied through national rather than regional schemes. Very few comments are made on drivers of success and failures. **Kosice** notes that success depends on experience and the availability of a good risk manager. **Thessaly** identifies the lack of financial resources as a constraint to implementation.

Support for LEADER local development (CLLD) (Q56, Q57) is the most selected measure under Regulation EU 1305/2013 and third in importance in addressing rural areas’ challenges. On average, 52% of the regional hubs believe this measure ‘fully’ or ‘to a large extent’ addresses challenges. Comments made on the impact of CLLD are consistently positive across hubs with the only exception being **Alentejo**. **Ialomita** 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. With regard to implementation, the main identified drivers of success include: highly popular, high public acceptance (**IBK**), ‘*wide range and possibilities for projects, tailored to local needs*’ (**Flanders**), and a bottom-up approach which allows a high level of involvement of rural inhabitants and local civil society (**Flanders**). The main identified constraints are: limited resources allocated (**Brandenburg, Uusimaa, Thessaly**), still insufficient coverage of local needs (**Ialomita**), complex administrative management (**Valencia**) and administrative burden at the application stage as well as in terms of accounting and control procedures which are disproportionate to the scope and funding level of the project (**Brittany, Brandenburg, Bolzano, Emilia-Romagna, Friuli, Flanders, Kosice, IBK**), and weak organisational structure of LAGs (Emilia-Romagna, Friuli).

A common opinion on *Technical assistance* (Q58, Q59) is that it is important for the managing authorities but it is not directly relevant to address identified rural areas’ challenges. Although few hubs consider it to address some of these challenges ‘to a large extent’ (**West Pomerania, Valencia, Primorje-Gorski, Emilia-Romagna, Harghita** and **Thessaly**), they do not explain reasons behind their assessment.

Further to the assessment of measures, regional hubs were asked about potential areas for improvement of the RDP. Overview of replies is shown in Figure 8.

Figure 8. Opinions on potential areas for improvements of the RDP (Q60, Q61, Q62, Q64).



A high share (75%) of regional hubs believe that the *regional programming* of RDP would better address, ‘fully’ or ‘to a large extent’, the challenges faced by rural areas (Q60). Remarks are mostly consistent in underlining the higher potential of regional programming in better targeting territories’ specificities and farmers’ needs but also in terms of involvement of local stakeholders and of communication/dissemination activities. On the other hand, it is noted that ‘*supra-regional coordination is necessary in order to reconcile regional measures and reduce undesirable effects as much as possible*’ (**Brandenburg**), and ‘*requirements are complex and complicated. It is better for the rules for processing and requirements for project support to be developed at national level. Competition between the Länder with different regional provisions would not be*

good. However, it is important to have regional flexibility within a common framework' (IBK).

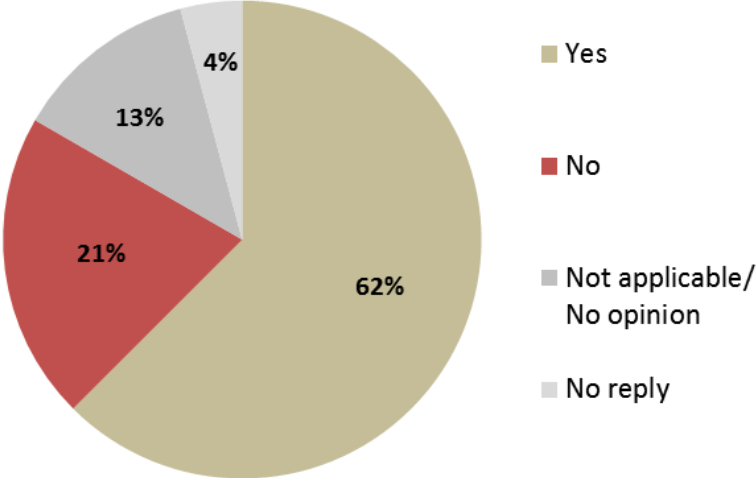
About half (54%) of the regional hubs believe that the *New Delivery Model* proposed by the Commission would better address, 'fully' or 'to a large extent', the challenges faced by rural areas (Q61). Only **Brandenburg** comments on having a single planning process for Pillars 1 and 2. In its opinion, this new process will not help in simplifying and streamlining but, in fact, is likely to increase efforts as well as to make '*it more difficult for the EAFRD (similar in nature to the Structural Funds) to deploy multi-fund approaches with the ERDF and ESF*'. Comments on the proposed shift of focus from compliance to results and performance are generally positive as it will clarify what has been achieved by the aid instruments used (**West Pomerania**). However, it is noted that the ex-ante setting of targets is rather difficult and unrealistic (**NRW**), given also that '*the majority of the measures in Pillar 2 (and also the eco-schemes in Pillar 1) are based on voluntary participation*' (**Flanders**). In addition, this focus on results and impact is likely to require a rather demanding effort in terms of reporting (**IBK**).

Only 25% of the regional hubs believe that a *new urban-rural typology* would improve 'to a large extent' the targeting of support (Q62). Few, simple justifications are given and point to the fact that it could better reflect existing peculiarities related, for example, to peri-urban agriculture. In general, it is felt that designation should be at the regional, or, at most, the national level.

About half (54%) of the regional hubs believe that the *harmonisation of the Structural Funds' operating rules via the Common Strategic Framework* would facilitate, 'fully' or 'to a large extent', rural development programming and management (Q64). Although this harmonisation is expected to simplify administrative procedures for the management and control of measures, some of the hubs have doubts that this will actually occur.

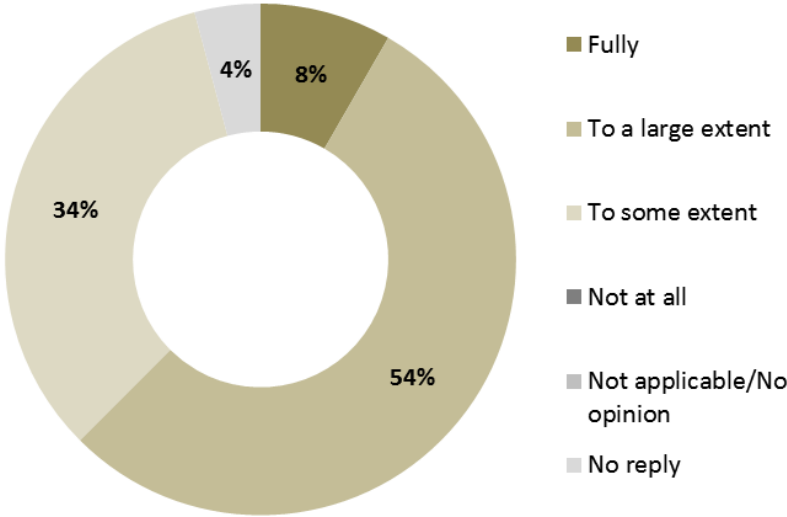
The majority (62%) of the regional hubs believe that the CAP should be evaluated at the sub-regional level (Figure 9). A deeper assessment is deemed necessary mainly because of the existence of local specificities and/or wide differences across individual regions. Among the other reasons, **Uusimaa** comments that in Finland municipalities play a key role in agriculture policy and development and therefore an evaluation at the local level would be appropriate. Among the negative replies, it is noted that either the size of the region is already limited (**Friuli**) or that smaller meaningful areas are difficult to define and the regional impact is ultimately the objective to be considered (**NRW**).

Figure 9. Do you consider it important to evaluate the impact of the CAP at the sub-regional level in order to better account for intraregional disparities? (Q63)



Finally, regional hubs were asked to evaluate the EU added value created by Regulation EU 1305/2013 in order to overcome rural areas’ challenges (Q65). More than three-fifths of the hubs (62%) believe that the Regulation ‘fully’ or ‘to a large extent’ fits this scope. Added value is reported in terms of joint and coordinated action (**Emilia-Romagna**), ‘uniformity and an (albeit limited) level playing field’ (**Flanders**), a guaranteed minimum level of funding (**Friuli, Madrid, NRW**), the emphasis given to the importance of rural areas (**NRW**), and the wider range of possibilities given to local actors living in these areas (**Brandenburg**). However, **Brandenburg** underlines that ‘European added value is significantly reduced by the complexity of the funding instruments and the resulting administrative burden’.

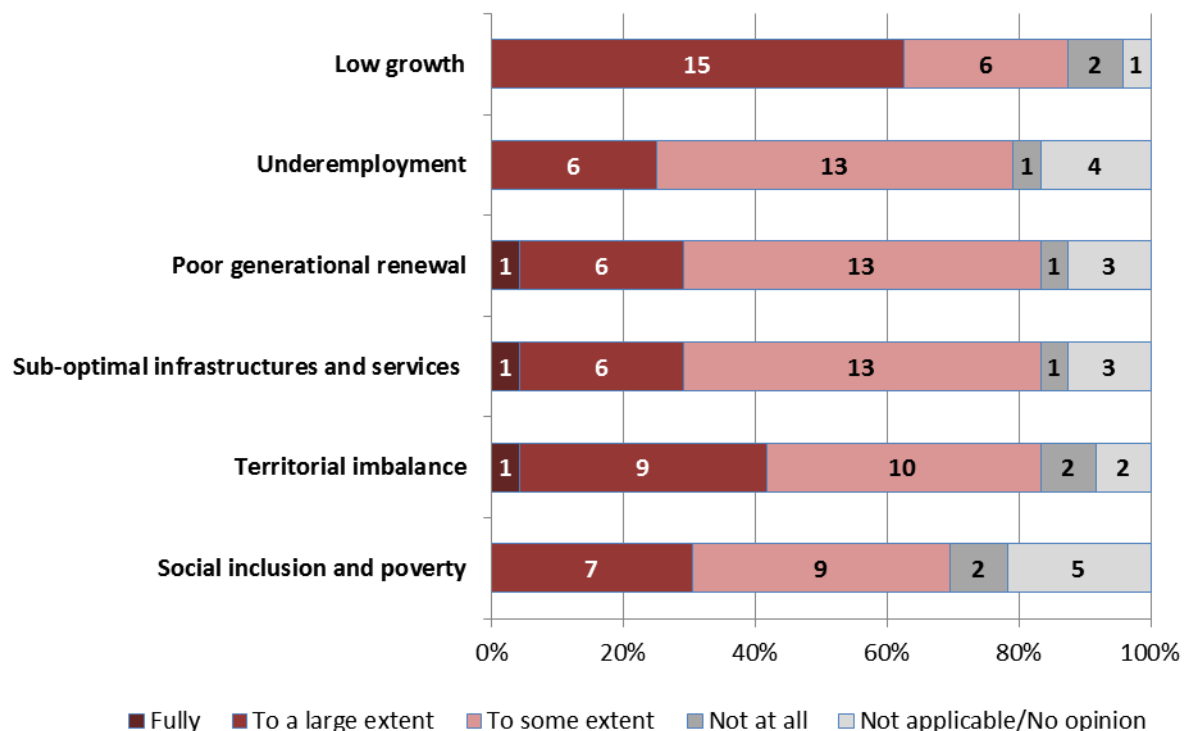
Figure 10. To what extent, does the rural policy regulation (EU Regulation EU 1305/2013) create added value to overcome rural areas challenges? (Q65)



1.4 Evaluation of the common organisation of the markets in agricultural products (Regulation EU 1308/2013) impact on territorial development of rural areas (Q66 to Q68)

Regional hubs were asked to what extent Regulation (EU) No 1308/2013 establishing a common organisation of the markets (CMO) in agricultural products had addressed the six challenges previously outlined. Replies (Figure 11) indicate that the Regulation is believed to have largely addressed low growth by the majority of the hubs (63%) but it was less effective in addressing the other challenges. In fact, the extent to which these challenges were addressed ‘fully’ and ‘to a large extent’ is reported by the hubs to vary from 25% for underemployment to 42% for territorial imbalance. Positive comments on key elements of the Regulation relate to the funding of producer organisations and associations, market interventions, targeted support for certain sectors, and promotion of fruit and dairy products through school schemes.

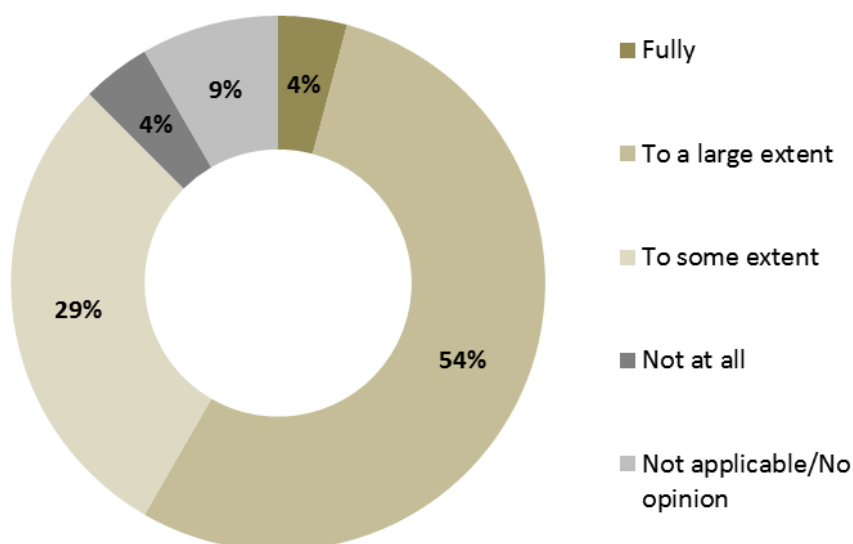
Figure 11. In your opinion, to what extent does the common organisation of the markets in agricultural products address the following challenges faced by rural areas in your region? (Q66)



With regard to implementation, the main identified drivers of success include: collective approach for the organisation of producers (**Brittany**), ‘*multiannual programming to ensure the development of investments and the stimulation of growth in the sector*’ (**Emilia-Romagna**), flexibility and simplicity of the measures (Veneto) which adapt to local realities and provide a fast response (**Madrid**). Among the main identified constraints are the focus on only some sectors (**Emilia-Romagna**) and the presence of fragmented farms and/or farmers unwilling to cooperate (**Mazovia**).

Finally, regional hubs were asked to evaluate the EU added value created by Regulation EU 1308/2013 in order to overcome rural areas’ challenges (Q68). A good number of the hubs (58%) believe that the Regulation ‘fully’ or ‘to a large extent’ fits this scope (Figure 12). Added value is reported in terms of regulation of the EU market versus external events (**Brittany**), provision of safety nets (**Uusimaa**), ‘*joint and coordinated action on major common challenges such as food security, marketing rules and the fair distribution of value along the supply chain*’ (**Emilia-Romagna**), boosting of farms’ products (**Catalonia**) and support for higher quality products (**Thessaly**).

Figure 12. To what extent, does the common organisation of the markets in agricultural products create EU added value to overcome rural areas challenges? (Q68)

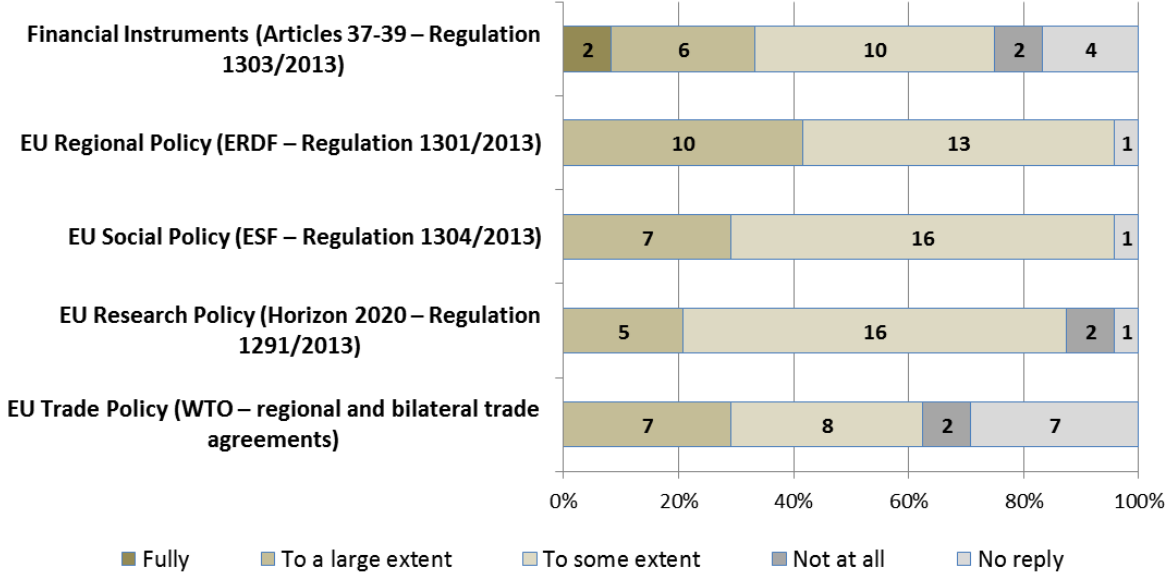


1.5 Coherence with other EU policies (Q69 to Q73)

In the last part of the consultation, regional hubs were asked to comment on the coherence and complementarity with other EU policies of CAP instruments and measures related to the territorial development of rural areas. Replies are shown in Figure 13.

Brod-Posavina and **Catalonia** are very positive about the possibility of combining *Financial Instruments* (Articles 37-39 – Regulation 1303/2013) with grant support in rural areas, for example to implement investment projects which do not generate sufficient direct financial returns. Other hubs report having used these instruments and appreciated the possibility of integrating different types of support, while **NRW** considers these instruments unsuitable for the region.

Figure 13. To what extent do the applicable CAP instruments and measures, concerning the territorial development of rural areas, deliver a coherent and complementary contribution with the? (Q69, Q70, Q71, Q72, Q73)



CAP instruments and measures concerning the territorial development of rural areas are considered ‘to a large extent’ to be coherent and complementary with the *EU Regional Policy* (ERDF – Regulation 1301/2013) by 42% of the regional hubs. **Bolzano** mentions broadband financing as an example of a complementary area of intervention. Notwithstanding a general positive assessment by the hubs, it is also felt by some that there should be more opportunities for integration (**Emilia-Romagna**) and that the ‘*EU regional policy should be more responsive to rural areas than is currently the case*’ (**Flanders**). Additional points raised include:

- Better support to agriculture and the food sector is expected from the ERDF (**Alentejo**).
- The ‘*ERDF should not promote unfair competition between agriculture and other sectors, notably tourism, in the access to limited resources such as land, water, labour or innovation*’ (**Alentejo**).
- The ERDF concentrates some of its interventions on the urban environment but the same challenges affecting urban areas may also affect rural areas, as is the case of soft mobility (**Brittany**)

Coherence with the *EU Social Policy* (ESF – Regulation 1304/2013) is considered to occur ‘to a large extent’ by 29% of the regional hubs and ‘to some extent’ by the majority of them (67%). Although it is recognised that the EAFRD plays an important role in improving social conditions in rural areas (**Brandenburg**), some hubs believe integration with ESF needs to be improved (**Emilia-Romagna**) and social policy should support measures and mechanisms which better fit low-density areas (**Alentejo**) as CAP measures may not be sufficient (**Flanders**).

Coherence with the *EU Research Policy* (Horizon 2020 – Regulation 1291/2013) is considered to occur ‘to a large extent’ by 21% of the regional hubs, especially through the European Innovation Partnerships (**Emilia-Romagna**, **Flanders**, **NRW**). The majority of the regional hubs (67%) believe that convergence between the two policies is achieved ‘to some extent’ but that there is unused potential of complementarity (Alentejo). For example, **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’*, and **Madrid** notes that it would be useful to dedicate funds allocated from the CAP to the preparation and implementation of the so-called integrated projects.

Coherence with the *EU Trade Policy* (World Trade Organization – regional and bilateral trade agreements) is the less accomplished among the specified EU policies. It is considered to occur ‘to a large extent’ by 29% of the regional hubs and ‘to some extent’ by 33% of the hubs. Madrid notes 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’*. Still, some regional hubs believe that interdependencies between the two policies need to be improved. For example, **Alentejo** comments that the framework generated by trade agreements does not take into account climate change and environmental considerations and this may cause competitive risk for climate / environment-friendly produce from rural areas. **Friuli** reports that some international trade agreements may cause *‘potential threats to the competitiveness of local products and to food quality and safety’*, a view which is shared by **Valencia**. Finally, **Brittany** believes that there is no coherence between the two policies and that the problem is *‘to integrate issues relating to agricultural and rural areas upstream of the agreements and not a posteriori’*.

Part 2. Recommendations for the future

This part concludes on the results of Part 1 and highlights some policy pointers derived from the consultation.

There is a need to better quantify the effectiveness of the aid granted under the CAP

The consultation highlights the difficulty of several of the respondents in clearly defining and quantifying the development occurred over the 2014-2020 programming period in the rural areas of their regions. If we combine this evidence with the generally positive comments made by the hubs on the proposed shift of focus in the New Delivery Model from compliance to results and performance, it may be derived that this shift is indeed necessary and welcome.

The importance of maintaining a regional focus in the New Delivery Model

Important know-how related to the preparation, negotiation and management of rural development programmes has been gained by regional authorities. It thus makes sense to build on this knowledge and keep the focus of rural policy planning and implementation on the regional level. Regional hubs justify this necessity with valid arguments. These arguments not only relate to the fact of being closer to the needs of farmers and more acquainted with the specificities of the territory but also relate to a higher capacity to involve stakeholders and communicate with them. Respondents expect regional flexibility within a supra-regional common framework. It would not be surprising if the lack of such flexibility translated into a lower level of ambitions at the regional level.

Balancing the need of detailed information with achievable reporting requirements

In the future, the majority of the hubs deem evaluating the impact of the CAP at the sub-regional level appropriate in order to better account for intraregional disparities. To avoid making the reporting on results and impact a theoretical and trivial exercise, this should imply the setting of targets that may be measured across the EU with indicators which are quantifiable at the regional (NUTS1 and NUTS2) and at the sub-regional level (NUTS3). However, enlarging the measurement scope to the sub-regional level may significantly reduce the number and type of indicators available.

Accessibility of support requires simplification of procedures and criteria

For almost all measures questioned in the consultation some hubs report administrative burden as one of the constraints to the implementation of measures. Administrative burden is not only meant as time-consuming procedures and difficulties in management. In several cases, it also refers to complicated eligibility criteria which are difficult to be verified or even to be clearly defined / interpreted. It is noted several times by hubs that the effort required to access support is disproportionate with respect to the entity of the support, a fact that of course discourages participation. Policymakers should strive to simplify both procedures and criteria. Accessibility of measures by beneficiaries is as important as the measures themselves.

Adequate allocation of funding to measures is necessary so as to not dissipate resources and achieve impact

For some measures, the insufficient financial envelope allocated and/or the small support provided are commonly mentioned as constraints to implementation. Even worse, in some cases, not only is implementation affected but also the capability of the measure to impact. A trade-off between funding level and impact needs to be found. In some cases, the amounts paid are too small. For example, some regional hubs believe that the payment for young farmers is not sufficient to support the costly start-up of farming activities by new entrants or to convince them to remain in rural areas.

Adequate take-up rate of certain measures is necessary to achieve environmental impact

In the case of measures which are expected to have a positive impact on the environment, hubs note that mechanisms to ensure their take-up by a sufficient number of farmers are required. The agri-environment-climate measures, for example, will not significantly impact on specific areas unless the majority of the farmers in these areas are involved. Attractiveness of measures and eligibility criteria are the mechanisms to be used to tackle participation.

Generational renewal as an overarching objective for the future which is strictly linked to modernisation, professionalism and innovation of agriculture

Generational renewal is the most important challenge affecting the responding hubs but results of the consultation show that it is rather poorly addressed by CAP

measures and mechanisms. The payment for young farmers is an incentive but is not sufficient. A slightly better impact on generational renewal is achieved through the ‘Investments in physical assets’ and the ‘Farm and business development’ measures under the RDP. Still, these measures alone cannot solve other structural problems such as limited access to land and/or to credit by young people and generally low attractiveness of rural areas. Insufficient professional skills of young farmers are another mentioned problem. Generational renewal is key to the future of European agriculture therefore it should be considered as an overarching objective in the next programming period. Strictly linked to it are other important areas of intervention such as the modernisation of rural areas to make them more attractive locations in which to live and work (e.g. through the deployment of broadband gigabit connectivity), the professionalisation of the job of farmer, and the shift to more innovative and environmentally-concerned agricultural practices and processes. Some hubs believe that farming needs to be considered more a profession for which EU support is aimed at creating value and sustainability and not charity and dependency.

Investment in physical assets is deemed amongst the most important measures of the RDP to address rural areas’ challenges

The consultation underlines that the modernisation of buildings and equipment has important side effects such as an increase in competitiveness and revenues but also in environmental standards, working conditions for farmers and animal welfare. It is noted that what is lacking for most of the farmers is the capacity to invest because of generally limited profitability. Support for investment in physical assets is therefore an important leverage for modernisation and innovation, not to mention the inherent improvement in conditions for people and animals.

Coherence and complementarity of CAP instruments and measures with other EU policies is insufficient

On average, less than one-third of the respondents (31%) believe that CAP instruments and measures related to the territorial development of rural areas are ‘fully’ or ‘to a large extent’ coherent and complementary with Financial Instruments, ERDF, ESF, H2020 and EU trade policy. In particular, it is felt that there should be more opportunities for integration with the ERDF, also taking into account that challenges faced by urban areas may be faced by rural areas as well. With regard to social policy, support through measures and mechanisms that are a good fit with areas with lower population density could complement CAP measures where these are not sufficient. If for H2020 it is noted by hubs that there is an unused potential of complementarity, the EU trade policy is believed to even

pose some problems under the form of potential risks to the competitiveness of climate / environment-friendly products.

A large room for improvement of EU added value exists

The EU added value created by Regulation EU 1307/2013 to overcome rural areas' challenges is assessed to be satisfactory ('fully' or 'to large extent' selections) by a modest share of respondents (41%). This share rises to 58% for Regulation EU 1308/2013 on CMO and to 62% for Regulation EU 1305/2013 on RDP. It is therefore evident that there is ample room for improvement, especially with regard to the direct payments system.

Annex I – List of respondents

Name of the regional hub	Country
Alentejo	Portugal
Autonomous Province of Bolzano	Italy
Brandenburg	Germany
Brittany	France
Brod-Posavina County	Croatia
Catalonia	Spain
Community of Madrid	Spain
Community of Valencia	Spain
Dubrovnik-Neretva County	Croatia
Emilia-Romagna	Italy
Flanders	Belgium
Friuli Venezia Giulia	Italy
Harghita	Romania
Ialomita	Romania
Uusimaa	Finland
Košice Self-Governing Region	Slovakia
Mazovia	Poland
Northern & Western Regional Assembly	Ireland
North Rhine-Westphalia (NRW)	Germany
Primorje-Gorski Kotar County	Croatia
Thessaly	Greece
The International Lake Constance Conference (IBK)	Austria, Germany, Liechtenstein, Switzerland
Veneto	Italy
West Pomerania	Poland

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