



Uptake of EU funds in rural areas: Analysis from a local and regional perspective

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After a public consultation process carried out at the end of 2020, the European Commission is now preparing a [Communication on a long-term vision for rural areas](#) to be published in June 2021. The initiative will set out a vision for the role and future of rural areas by 2040. In this context, the Council of European Municipalities and Regions (CEMR) has proposed some [key messages](#) on the strategies to be undertaken to foster rural development and make “no place left behind” a reality.

In March 2021, CEMR conducted a rapid **survey among nine national associations of municipalities from nine EU Member States**¹ to gather data on the use of European funds by local and regional governments (LRGs) in rural areas. The goal of this survey was to test the following assumption: although LRGs’ representatives identify EU funds as equally relevant for rural and urban areas, these funds are perceived as being less allocated to LRGs than to other actors. Yet, municipalities and regions are key actors, especially when it comes to rural development, improving inhabitants’ quality of life and ensuring access to quality services and infrastructure. Local and regional governments could therefore be the drivers for EU’s long-term vision for rural areas. But for this to happen they should be sufficiently targeted by EU funds in order to strengthen their capacities as administration and as potential drivers of investments.

The future of rural areas requires a change of narrative and a vision of rural areas as places of opportunities for various economic activities beyond agriculture. This change of narrative should also be reflected in EU funds available in rural areas for local and regional governments.

¹ The respondents are national associations of municipalities from Austria (*Österreichischer Gemeindebund*) Bulgaria (*NAMRB*), Czech Republic (*SMOCR*), Estonia (*ELVL*), Germany (*DLT*), Romania (*ACOR*), Slovakia (*ZMOS*) Slovenia (*ZMOS*) and Spain (*FEMP*).

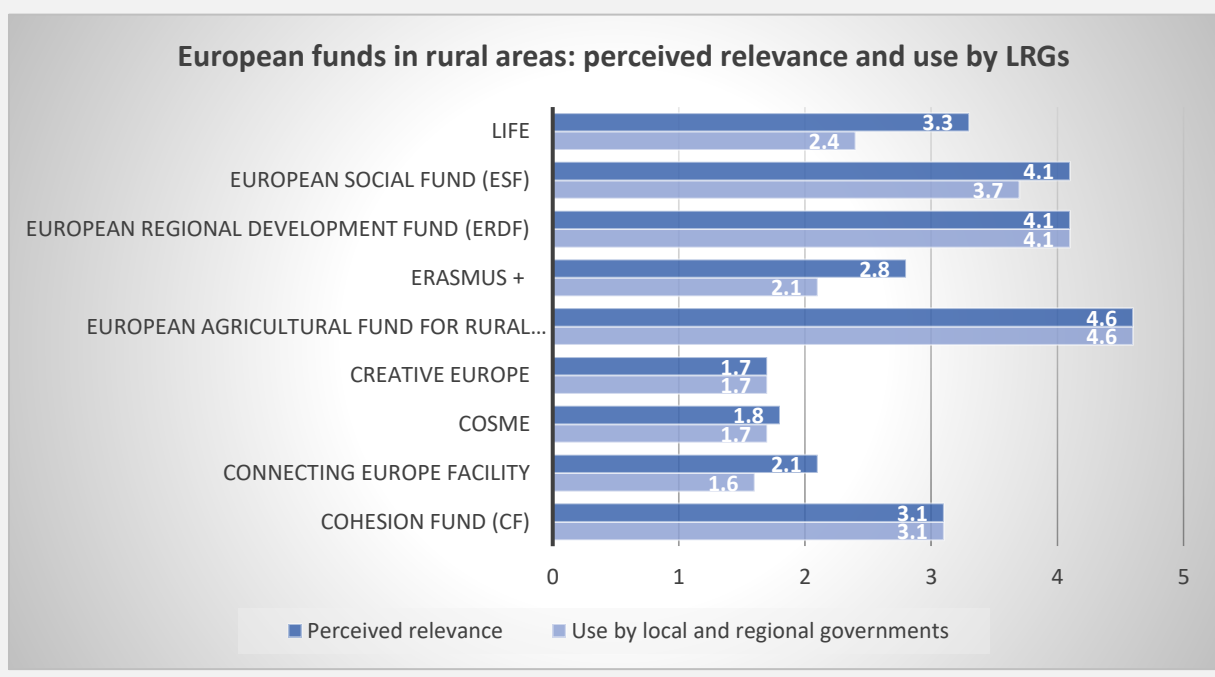
EU funds in rural areas: an overview of instruments and needs

According to the respondents, the most **relevant** European fund for rural areas is, unsurprisingly, the European Agricultural Fund for Rural Development (**EAFRD**), followed by the European Regional Development Fund (**ERDF**) and the European Social Fund (**ESF**).

When focusing on the use by local and regional governments, this order has been confirmed. This means that EAFRD, ERDF and ESF are perceived as the **most used** funds by LRGs in almost all the countries whose associations took part in this survey. The Bulgarian association highlighted the important role of the European Maritime and Fisheries Fund (EMFF). On the other hand, the EU funds considered to be the least used by LRGs in rural areas are Connecting Europe, COSME and Creative Europe.

Although acknowledged as potentially relevant, the following European funds are perceived as **less used** by LRGs in rural areas. Above all, LIFE (this gap has been particularly stressed by the Czech and Slovakian associations), followed by Erasmus+ (according to the Czech association) and Connecting Europe (Bulgaria).

National associations of municipalities were asked to assess from 1 to 5 the relevance of European funds in rural areas and, from their perspective, the use of these funds by rural local and regional governments in their countries. The visual representation of the average value assigned by respondents allows to identify gaps between relevance and use of funds by LRGs.



Programmes do not always address rural areas' needs

According to a [European Parliament study](#), funding promoting the low-carbon economy and research and innovation is primarily used in urban areas whereas rural areas see more funding related to infrastructure projects. One-third of the respondents declared that the main reason for this situation was the **inconsistency** between the needs of rural areas and programmes' rules and conditions. In this regard, Slovakian and Romanian associations pinpointed the need of rural municipalities to invest in **basic infrastructure** – sewerage, roads, water supply – rather than innovation and low-carbon economy. Furthermore, Slovenian and Bulgarian associations stressed **the lack of universities, research institutions and innovation centres** in rural areas -able to co-finance low-carbon projects.

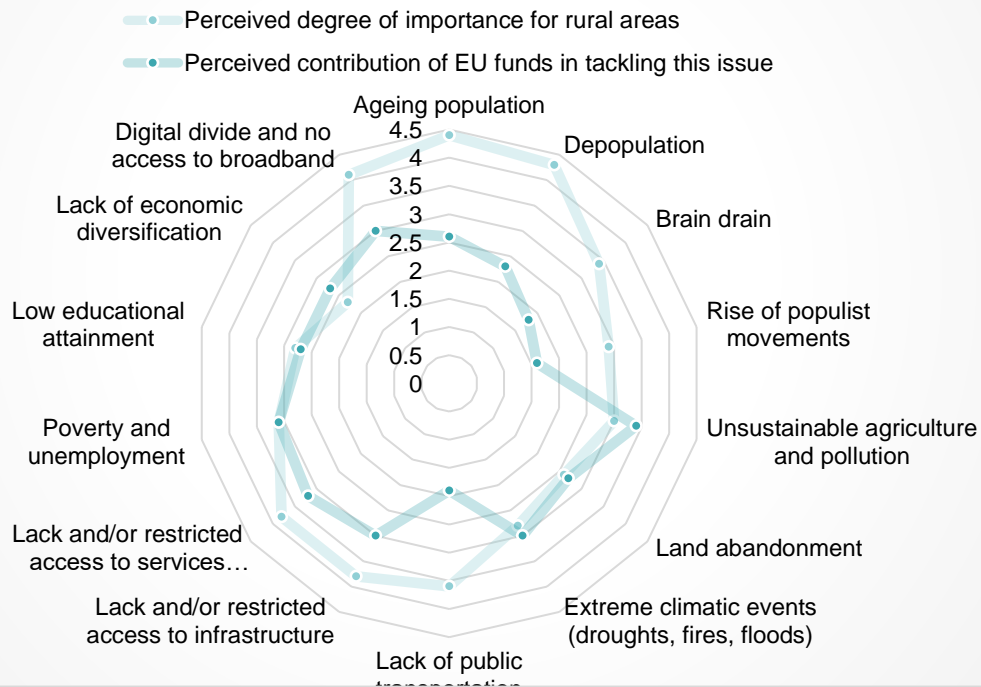
EU funds are unevenly effective in tackling rural challenges

National associations of municipalities were asked to identify the most urgent challenges for rural areas according to their country's specific context. In particular, respondents have highlighted the presence of an **ageing population**, as well as a decrease of the number of inhabitants. Moreover, associations have stressed that a smaller proportion the population benefits from Internet and ICTs compared to urban areas ("digital divide"), as well as a lack of or restricted access to **infrastructure and services** (e.g. health and education).

EU funds are considered to be particularly effective in tackling certain issues such as pollution and unsustainable agriculture, lack of services (e.g. health and education) as well as poverty and unemployment. On the other hand, for other challenges that LRGs find important for rural areas (e.g. ageing population, depopulation, brain drain, rise of populist movements or lack of public transportation) it is perceived that EU funds are relatively ineffective to provide solutions.

Figure 2 represents the average values of the assessment – from 1 to 5 – of the degree of importance of challenges for rural areas in respondents' countries. Secondly, national associations were asked to assess the contribution of European funds in tackling these challenges. The gaps correspond to a perceived ineffectiveness of EU funds in providing solutions to the issue.

Rural challenges: importance according to LRGs and contribution of EU funds



Difficulties for LRGs' management of EU funds

Associations have been asked to share experience of municipalities and regions in rural areas in managing and implementing EU funds, and whether there is in their country national or regional programmes supporting the uptake of EU funds. For some countries, these programmes exist at national level (e.g. Romania), in more federal states, regions also provide support for local governments' access and capacity building to implement EU funds. However, such opportunities seem to not always be known to national associations or municipalities themselves, and communication could be improved on these specific national or regional programmes. However, most of the respondents stressed the **difficulty to combine EU with national and regional funding, as well as EU funds together**. For instance, in Slovenia there is a separate programme for the development of rural areas, combining CAP and cohesion funds. It includes the CLLD mechanism and

local action groups, but the structure or process of implementing projects is very complicated, especially taking into account the limited amount of funds for individual projects. Associations have stressed the lack of coherence and complementarity of CAP instruments with other EU policies, as also highlighted in 2020 in a report published by the NAT Commission of the Committee of the Regions.²

Most associations similarly highlighted that small municipalities are sometimes reluctant to invest time and energy in complex calls with uncertain outcomes. But there are examples, for instance in Austria, where LRGs do apply to calls for WIFI4EU, Europe for Citizens funding and Erasmus+, or to town-twinning (Romania), but in these countries those examples are rather rare. In other countries however rural municipalities seem rather successful in accessing EU funds, for instance in Germany, Slovakia or in Bulgaria, where rural municipalities are amongst the most active beneficiaries of EU funds. For the programming period 2014-2020 they contracted over 800 projects under the programme for rural development estimated at more than 600 million euros.

Conclusions and recommendations

A number of EU funds and programmes are identified as relevant to answer the most pressing needs and challenges of rural areas, beyond the traditional EAFRD and ERDF; in particular LIFE, ESF and Erasmus+ are identified as being highly relevant for local and regional governments in rural areas. But surprisingly they are underused compared to their potential interest and relevance.

This gap between relevance and use of EU funds may be explained by the challenges experienced by a number of local governments in rural areas in accessing EU funds and programmes because of heavy administrative procedures, time and human resources requirements that not all rural municipalities in particular can afford.

When it comes to addressing the specific challenges for local and regional governments in rural areas, European funds are not always perceived as adequate in tackling urgent challenges such as ageing and depopulation, brain drain, the lack of public transportation and the rise of populist movements that can be seen as a consequence of the population feeling left

² The impact of CAP on territorial development of rural areas
cor.europa.eu/en/engage/studies/Documents/CAP%20and%20rural%20dev_%20Study-N.pdf

behind. In other words, EU funds do not meet the expectations of LRGs in rural areas. Therefore, the EU's long-term vision for rural areas should really target these areas of possible improvement for EU policies and programmes.

This modest survey had the objective to understand the perceptions – from local and regional governments' point of view of the uptake of EU funds in rural areas. According to the European Commission and data available, close to 60% of all support from cohesion policy is provided for projects in rural areas³. But what is less known is what part of EU funds and cohesion policy in particular do benefit local and regional governments. We therefore call on the European Commission to make available through the ESIF open data portal the data on beneficiaries of EU funds.



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³ www.europarl.europa.eu/doceo/document/E-9-2020-006724-ASW_EN.pdf Planned expenditure for areas of intermediate population density and thinly populated; compared to overall planned expenditure geographically tagged (9% for all planned expenditure: www.europarl.europa.eu/doceo/document/E-9-2020-006724-ASW_EN.pdf)