



# JUST TRANSITION & REVITALISATION

## A NEW EU STRATEGY FOR RURAL AREAS

### ABSTRACT

How can EU actions support the revitalisation of rural areas? How can EU institutions put rural and remote areas at the centre stage of the just transition?

This policy brief contributes to the reflection launched by the Commission's work towards a 'Long-term Vision for the EU's Rural Areas' and aims at supporting and enriching the EU agenda by promoting the revitalisation of rural and remote areas.

After reviewing some of the potential risks facing the EU's strategy for rural areas as it stands, the authors put forward concrete policy and governance recommendations to make rural development in the EU both environmentally and socially sustainable.

The recommendations build on exchanges with experts and identify 'best practices' that can be scaled up and replicated in order to:

- bolster sustainable agriculture and champion the energy transition;
- attract investment;
- nurture innovation systems;
- promote community ownership; and
- boost social vitality.



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## Executive summary

In June 2021, the European Commission published a communication proposing ‘A long-term Vision for the EU’s Rural Areas’ to promote ‘stronger, connected, resilient and prosperous rural areas’ by 2040. This policy brief is an important starting point for any agenda aimed at promoting the revitalisation of Europe’s rural areas. Over the years, the anti-EU sentiment witnessed in regions feeling ‘left behind’, heightened competition for land use and the accelerated trend towards remote working observed during the COVID-19 pandemic have indeed strengthened the case for the ‘rural question’ to play a more central role on the EU stage.

To make this revitalisation both socially and environmentally sustainable, both substantial and governance challenges will need to be addressed. What are the lessons learned from existing EU, national and local rural development programmes? How can EU institutions support national and subnational actors in overcoming identified challenges? In this policy brief, we first point to the structural trends making rural areas ever more relevant for the EU’s wider policy agenda. The role of rural areas in fostering sustainable change has often been under-appreciated and insufficiently valorised, although their economic activities and consumption behaviours are more likely to contribute to changing climate and weather events. Unresolved long-term challenges have affected rural areas, leaving behind infrastructural bottlenecks, demographic structure, education and capabilities.

Policy trends observed in recent years – including the growing activism of institutions in the provision of public goods – provide some ground for optimism for the possibility of redesigning the existing EU governance framework. Most notably, the long-term vision

for rural areas constitutes a welcome basis for the development of decisive EU action to revitalise rural realities. Notwithstanding this, exchanges with stakeholders point to remaining challenges facing its adoption and implementation. A first shortcoming relates to the lack of rural proofing mechanism, that is: a tool assessing the potential impact of all EU initiatives on rural areas.

While initiatives such as the Rural Observatory and the Rural Pact are welcome, the latter should be associated with concrete objectives, deliverables, and a clear governance structure allowing better monitoring of rural development objectives, for example in the Common Agricultural Policy strategic plans, Cohesion Policy programmes, and Recovery and Resilience Plans – before it translates into a fully fledged Rural Action Plan in the 2028-2034 programming period. Given the territorial heterogeneity of European territories, a second challenge lies in the need to allow for more community-based policy design and tailor-made solutions in the support of rural areas.

Finally, observing the preparation of CAP strategic plans, there are reasons to fear that many rural areas will not be sufficiently supported by their national governments in their efforts to advance a green transition. Building on the success of initiatives such as the LEADER programme, the EU’s strategy should promote community-led local development initiatives, more effectively support capacity-building where it is most needed, and finally allow for better-coordinated multi-funding to improve the implementation of envisaged EU programmes. In substance, to face new ‘megatrends’ from climate change to digitalisation, the EU’s rural development agenda will require a transformative agenda – changing structural characteristics of rural areas – to be equally

owned by EU, national and subnational actors.

Our recommendations accordingly focus on both suitable governance arrangements in the EU's multilevel governance framework, and specific policy aims. In the latter, we notably focus on five key objectives: (i) bolstering sustainable agriculture and advancing the

energy transition; (ii) attracting sustainable investment; (iii) nurturing innovation systems; (iv) promoting community ownership; and (v) boosting social vitality. Our recommendations detail how these goals may be most effectively achieved and bring light to best practices shared by rural areas' stakeholders to create a more fertile ground for just transition initiatives.

## Introduction

A decade ago, few EU commentators would have expected issues of food security, disruptions of agricultural supply chains, or competition for land use to feature as highly on the EU's agenda. Yet they should have been there all along. There is now wide consensus that fighting climate disruption will require decisive local action, particularly in rural areas, which are expected to be on the front line of climate change. Accordingly, the EU's sustainable-development strategy will rely heavily on the capacity of rural areas to take the driving seat in the envisaged structural change. Add to this long-term trend the expected impact of the war in Ukraine (including significant increases in home energy prices and transportation costs in rural areas), the 'revenge of places that don't matter' in the Brexit and Trump votes, and the reconsideration of rural places as potential areas for teleworking during the COVID-19 pandemic, and it is easy to see why the rural agenda is here to stay.

New trends require new approaches. If debates on (the need to reform) the Common Agricultural Policy (CAP) and Cohesion Policy (CP) have been central to EU integration debates ever since the launch of these policies, rural policy in the EU has long been broadly perceived as a 'compensation mechanism' by EU policymakers.

Most notably, the 'second pillar' of the CAP – which hides agriculture objectives under the fallacious heading of 'rural development' – has largely been viewed as a policy requiring transfers to keep people on board with the deepening of the European integration agenda, rather than as a valuable asset for the Union's sustainable development. In this policy brief, we show that there are now many reasons to consider the second pillar of the CAP and other EU policies as having an impact on rural areas (for example CP) as an investment policy. We also show that this shift has major implications for the multi-level governance framework of rural development programmes.

Fortunately, recent policy developments suggest a growing recognition among EU policymakers that EU institutions must re-examine their approach to rural economic development. In June 2021, the European Commission published a communication setting out a long-term vision for the EU's rural areas, 'Towards stronger, connected, resilient and prosperous rural areas by 2040'.<sup>1</sup> Meanwhile, some EU countries are yet to submit their CAP Strategic Plans taking into account the post-2020 CAP reform as well as the new level of ambition stemming from initiatives such as the European Green Deal.

<sup>1</sup> European Commission (2021) 'A long-term Vision for the EU's Rural Areas – Towards stronger, connected, resilient and prosperous rural areas by 2040', EC communication, Brussels, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0345>

Challenges lie ahead for transforming the EC's 'long-term vision' into a reality for rural areas.

What are the lessons learned from existing EU, national and local rural development programmes? How can EU institutions support national and subnational actors in overcoming identified challenges? This policy brief first considers the drivers behind the comeback of rural areas to the EU stage – and why this trend is here to stay. The recent adoption of the NextGeneration EU programme suggests a growing consensus in favour of EU institutions taking a more active role in directly allocating the means required for sustainable development in the EU. With new capacities come new responsibilities: rather than moving towards a further centralisation of funds, EU institutions should restate their commitment to supporting a multi-level governance framework supporting local communities in carrying out their sustainable-development actions.

We identify three challenges facing the EU's strategy for rural areas. Risks relate to (i) policy inconsistencies in the EU's rural development agenda as a whole; (ii) insufficient differentiation in the formulation of EU policies; and (iii) limited capacities in the effective implementation of EU programmes. Building on insights from a wide range of stakeholders involved in the design, implementation and evaluation of EU programmes across EU countries,<sup>2</sup> we derive from this what should be the contribution of various levels of governance to ensure the rural agenda supports sustainable-development goals, before proposing recommendations and 'best practice' linked to specific policy objectives: bolstering sustainable agriculture and championing the energy transition; attract investment; nurturing innovation systems; promoting community ownership; and boosting social vitality.

## 1. The unsurprising comeback of rural areas onto the EU agenda

### Fast-burning and slow-burning crises

As the consequences of Russia's invasion of Ukraine for agricultural markets continue to be discussed, the impact of the war on commodity prices is already being felt. Ukraine is one of the most important suppliers of wheat, corn, oils and other essential commodities to the world. Alongside the nightmare faced by the people of Ukraine, the war has led to a reduced supply of these commodities, as well as rising

energy and fertiliser costs for farmers around the globe, setting in motion a global food crisis. To this extent, the war in Ukraine has re-emphasised tension points that have been at the heart of rural development debates for some time, including the contentious issue of food production versus land preservation from a climate-action perspective. But the revival of the rural agenda at the EU level not only preceded the war in Ukraine; it also spreads its roots wider than just the agricultural agenda. The Covid-19

<sup>2</sup> This policy brief draws on discussions from three meetings of an informal group held within the context of the FEPS Task Force on a 'European Long-term Strategy for Rural Areas'. The events were an informal space where representatives of the policy world and academia from the EU and UK discussed the challenges and the responses of rural development in Europe. This policy brief accordingly builds on presentations held in the context of these meetings. The authors are also particularly indebted to Dirk Frouws, Marjorie Jouen, Ramon Marrades, Alan Matthews, Claudia Neu, Teresa Pinto Correia, Barbara Wieliczko and the experts who participated in our meetings for their valuable contributions and comments.

pandemic, like the war in Ukraine a ‘fast-burning crisis’, had laid bare some of the structural risks and weaknesses of the governance structures in place in rural areas (for example a reliance on tourism, limited access to public services, or poor digital connectivity). More critically, perhaps, from an EU perspective was the association being drawn by many scholars between rising levels of Euroscepticism and an intangible feeling, particularly vivid in rural areas, of being left out of the supposed opportunities offered by global economic integration and urban sprawl associated with the metropolitan model. Slow-burning crises such as the Trump vote in the US, Brexit in the UK, and the rising popularity of Front National in France or of the Lega in Italy were thus traced back to the ‘revenge of places left behind’, leading policymakers, including at the EU level, to engage with the rural agenda, in part to mitigate risks of political backlash. In recent years, another slow-burning crisis has contributed to the rising interest in rural development, namely climate disruption. These developments have led policymakers and academics to look at developments in rural areas in more detail.

### **Re-appreciating the centrality of rural areas in the fight against climate change**

The role of rural areas in fostering sustainable change has often been under-appreciated and insufficiently valorised in the last decades. Such accounts highlight the pivotal role expected to be played by rural areas in mastering the transition towards a low-carbon economy. On

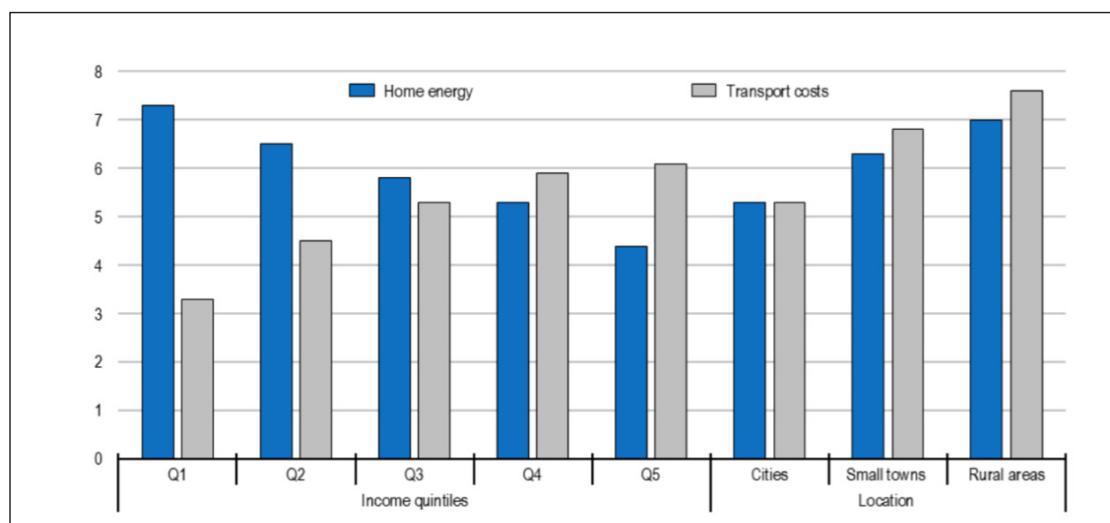
the one hand, demands on land, a finite resource, continue to grow, not only from traditional land uses such as growing food and feed, producing timber, providing homes and extracting minerals, but also increasingly from land uses such as generating energy, carbon storage, water regulation, habitats for wildlife, and leisure and recreation. Dramatic changes in land use will be required in order to meet national priorities such as climate neutrality, energy transition and restoring biodiversity. Managing these competing demands will require new governance mechanisms notably ensuring consistency across policy domains, aligning local interests with national priorities, and providing a specific strategy to promote sustainable land use. On the other hand, economic activities (farming, forestry, tourism, fisheries) in rural areas are more susceptible to changing climate and weather events. Greenhouse gas emissions in rural areas are particularly high and trends in agricultural, forestry and other land use (AFOLU) emissions are a major issue of concern. From a consumption perspective, rural residents do not necessarily live a more intensive lifestyle, but their resource base is particularly energy intensive – with important distributional implications. A recent OECD study notably found that whereas the poorest households spend above six percent of their budget on home energy costs and the richest spend the same amount on transport, people living in rural areas spend above seven percent in each of these areas, making them the most exposed to ongoing surging energy prices (see Figure 1).<sup>3</sup>

<sup>3</sup> Hélène Blake and Tim Bulman (2022) ‘Surging energy prices are hitting everyone, but which households are more exposed?’, OECD Economics Department, Organisation for Economic Co-operation and Development (OECD), May 2022, <https://oecdecoscope.blog/2022/05/10/surging-energy-prices-are-hitting-everyone-but-which-households-are-more-exposed/>

While the end of central planning in CEE countries helped significantly reduce AFOLU emissions in the 1990s, there has been essentially no further change since and member states' projections to 2030 show very limited abatement due to limited efforts to date to incentivise the uptake of abatement technologies and to change management practices that would lower emissions.<sup>4</sup>

Certainly opportunities do exist in the increased valorisation of ecosystem services, biomass and renewable energy, bioeconomy, or carbon farming. But, overall, scholars concur that significant change will be required in rural areas, while acknowledging that rural development per se is facing a wide range of additional challenges.

**Figure 1. Average share of home energy and transport costs as a % of total spending, across income and geographical groups, EU average (2015)**



Source: Household Budget Survey (2015).

<sup>4</sup> Alan Matthews (2020) 'Promoting climate action in the future Common Agricultural Policy', *Italian Review of Agricultural Economics* 75(3): 19-24, <https://oajournals.fupress.net/index.php/rea/article/download/12705/12128/>

## Long-term demographic challenges

Scanning through the academic and policy literature helps point to well-identified challenges facing rural areas. Some challenges are structural and directly linked to agricultural activities. Among them, the hardship brought about by some farming activities and the difficulties of maintaining communities. The shift towards post-industrial societies combined with popular theories of the 'lean state' have led to an erosion of both private companies and public social and infrastructural services in rural areas. As employees moved, so did the customers. The consequences of these processes have become more obvious over the last few years. 'Brain drain' and the emigration of young women from rural areas are well-known examples.<sup>5</sup> Demographic trends generally point to ageing societies and an urban exodus not compensated for by migration. But that is not all. The demography of rural areas has profoundly evolved in recent years with 'new rural inhabitants' combining a highly heterodox mixture of urban pensioners, families no longer able to afford paying rents and high house prices, and 'remote workers', who may be coming with conflicting demands. If on the one side this trend mitigates rural depopulation, on the other this in-migration raises the need for managing the social contact between the native population and newcomers.<sup>6</sup> On the one hand, newcomers can help revitalise the local economy by supporting economic activities and meeting the labour demand in agriculture. On the other hand, however, the extent of these contributions depends on the socio-economic

conditions in rural areas. For instance, perceived newcomers may be considered as creating pressure on already dwindling services or representing competition for jobs. Newcomers bring new needs to be addressed in areas already characterised by weak infrastructure facilities. In rural areas, the access to quality public services and infrastructure is yet often an issue, as is the rising share of the population at risk of poverty, despite a rising employment rate and lower unemployment (especially among the young).<sup>7</sup>

Finally, rural areas are often facing specific challenges linked to ongoing 'mega-trends' ranging from high vulnerability to adverse climate events and the reliance on traditional means of transportation to the lack of adequate digital infrastructure and capacity to effectively deploy new technologies.

## Ongoing macro- and policy-trends providing opportunities for rural areas

Notwithstanding these challenges, the revival of the rural agenda brings major opportunities for a new rural development agenda to emerge. New social demands (local production and consumption; the rise of the care economy) and working practices (remote working; better work-life balance) combined with the spread of digital technologies have brought renewed attention to rural areas as places of wellbeing, green-living and sustainable economic renewal during the Covid-19 pandemic. These developments have also been picked up at the political level with

5 The gender dimension of urban exodus has been particularly well described by Benoît Coquard's ethnographic study of the Grand-Est region in France in a book entitled *Ceux qui restent*, published in 2019, [https://www.editionsladekouverte.fr/ceux\\_qui\\_restant-9782348044472](https://www.editionsladekouverte.fr/ceux_qui_restant-9782348044472)

6 Ivan Čipin et al (2020) 'A Long-Term Vision for the Development of Rural Areas in Europe – Insights from Demography', Population and Policy Brief 27, Berlin: Max Planck Society / Population Europe, [https://population-europe.eu/files/documents/pb27\\_development\\_of\\_rural\\_areas\\_web\\_0.pdf](https://population-europe.eu/files/documents/pb27_development_of_rural_areas_web_0.pdf)

7 Op cit European Commission (2021).

EU institutions setting the revitalisation of rural areas as one of their priorities. The President of the European Commission, Ursula von der Leyen, thus referred to rural areas as “the fabric of our society and the heartbeat of our economy”, promising to “cherish and preserve [these] and invest in their future.” Recent policy developments indeed provide some ground for optimism. The paradigmatic change in the EU’s economic response to the Covid-19 pandemic, compared with the Great Recession, has been widely documented. Although the pandemic hit rural areas – especially those relying on tourism – particularly hard, the new, long-term

ambit proposed by the EU’s Resilience and Recovery Facility (RRF) undoubtedly proposes more positive development prospects than did the austerity agenda in the wake of the Great Recession. In particular, the transformational focus of the EU’s green and digital agenda proposed by the RRF provides new opportunities to build a renewed approach to rural development, ensuring that opportunities and wellbeing are accessible across Europe. Besides, growing acceptance of institutions taking a more active role in the provision of public goods represents an opportunity to redesign the role of EU intervention in the existing multi-level governance framework.

## **2. A new long-term vision at risk of failing to adequately capture the ‘left-behind’**

### **A new vision for rural areas**

In June 2021, the Commission committed to promoting ‘stronger, connected, resilient and prosperous rural areas’ by 2040 in a communication entitled “A long-term Vision for the EU’s rural areas”. Up to June 2022, stakeholders and actors have been invited to join the Rural Pact Community and share reflections and ideas on its implementation and development. This process should culminate with the launch, in June 2022, of a ‘Rural Pact’ comprised of policy and regulatory instruments to define future steps. Certainly, the EU vision for rural areas in the run-up to 2040 points to a growing recognition at the EU level of the importance of sustainable rural development, in light of the trends identified above. In that regard, this agenda constitutes a welcome basis for the development of decisive EU action to revitalise rural realities and to consider the means of a range of interventions covering the environmental, social and economic aspects of rural areas. But exchanges with stakeholders also point to important shortcomings in the current vision of rural development. Notably, in

the absence of rural proofing, there are risks that EU initiatives taken elsewhere could reinforce – rather than help address – some of the challenges faced by EU areas. Besides, different levels of human, social and administrative capacity across the EU also highlight the need to better take into account local realities and perspectives in the development of the EU’s rural strategies.

### **Rural proofing**

By and large, EU institutions have long been at the forefront of helping to combat the effects of climate change, notably pushing EU member states to adopt more ambitious goals and concrete strategies to move towards a low-carbon economy. By contrast, although substantial investments were made in rural areas, these failed to be underlined by a common comprehensive framework. In this context, tensions have emerged between the EU’s climate and agriculture objectives. Climate policy analysts stressed the negative impact of EU subsidies on the energy-intensive farming

sector while CAP-beneficiaries traditionally highlight its critical contribution to food security alongside territorial cohesion objectives. Moving beyond this opposition, some progress has been achieved in the current multiannual financial framework by constraining EU governments to show, in their CAP Strategic Plans, that they have taken the objective of reduced emissions into account. But governments still have flexibility in how they use the funds and these uses have so far failed to be made duly conditional on climate mitigation objectives.

A similar trend has been observed in CP, with the introduction of ‘enabling conditions’ (so-called ‘ex-ante conditionality’) progressively complementing a more ‘punitive’ approach suspending the disbursement of the funds in cases where national governments failed to comply with EU’s macroeconomic stabilisation objectives.<sup>8</sup> But in many other areas of EU intervention, policies have largely turned a blind eye to rural concerns. For decades, development policies in the EU and beyond have been based on the dualism between rural and non-rural areas, mainly supporting the dynamism and economic prosperity in urban areas in the belief that cities would enhance citizens’ wellbeing and economic conditions.<sup>9</sup> In hindsight, we know that concentration-driven industrial competitiveness and ‘new public management’ strategies have by and large detrimentally impacted demographic and infrastructural developments in rural areas. This had implications for wider development concerns facing rural areas. As the work of the European Grouping on Territorial Cooperation (ESPON, European Spatial Planning Observation

Network) clearly demonstrates, areas without an urban structure are now characterised by less accessibility and territorial co-operation. These socio-economic infrastructures have been recognised as drivers for polycentric scenarios and, at the same time, crucial for sustainable development at the territorial level (see Map 1). According to ESPON’s definition, polycentric development is not about cities making massive investments in order to grow bigger; rather, it is about building linkages and joining forces with neighbouring cities and towns in order to ‘borrow’ from their positive externalities associated with size and quality, thereby ensuring positive spill-over effects for the development of wider regions.

To address this issue, stakeholders have called for a mechanism of ‘rural proofing’ to be introduced whereby EU policies would be reviewed through a rural lens. Yet, whereas this objective was mentioned in the 2016 ‘Cork Declaration 2.0’ and subsequently mentioned in the 2017 Commission ‘Communication on the future of food and farming’, its implementation has so far failed to be properly taken up.<sup>10</sup> Recent initiatives to set up a Rural Observatory and to develop a Rural Pact involving a wide range of stakeholders to act on the needs of rural communities provide a promising avenue for reform. Yet, concrete objectives, deliverables and a clearer governance structure are missing to better monitor progress on rural development objectives in programmes as varied as the Common Agricultural Policy strategic plans, Cohesion Policy programmes and Recovery and Resilience Plans. In recent months, a working

8 Robin Huguenot-Noël, Alison Hunter, and Fabian Fabian (2018) ‘Future Links between structural reforms and EU cohesion policy’, Research for REGI Committee, European Parliament, [https://www.europarl.europa.eu/RegData/etudes/STUD/2018/617481/IPOL\\_STU\(2018\)617481\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2018/617481/IPOL_STU(2018)617481_EN.pdf)

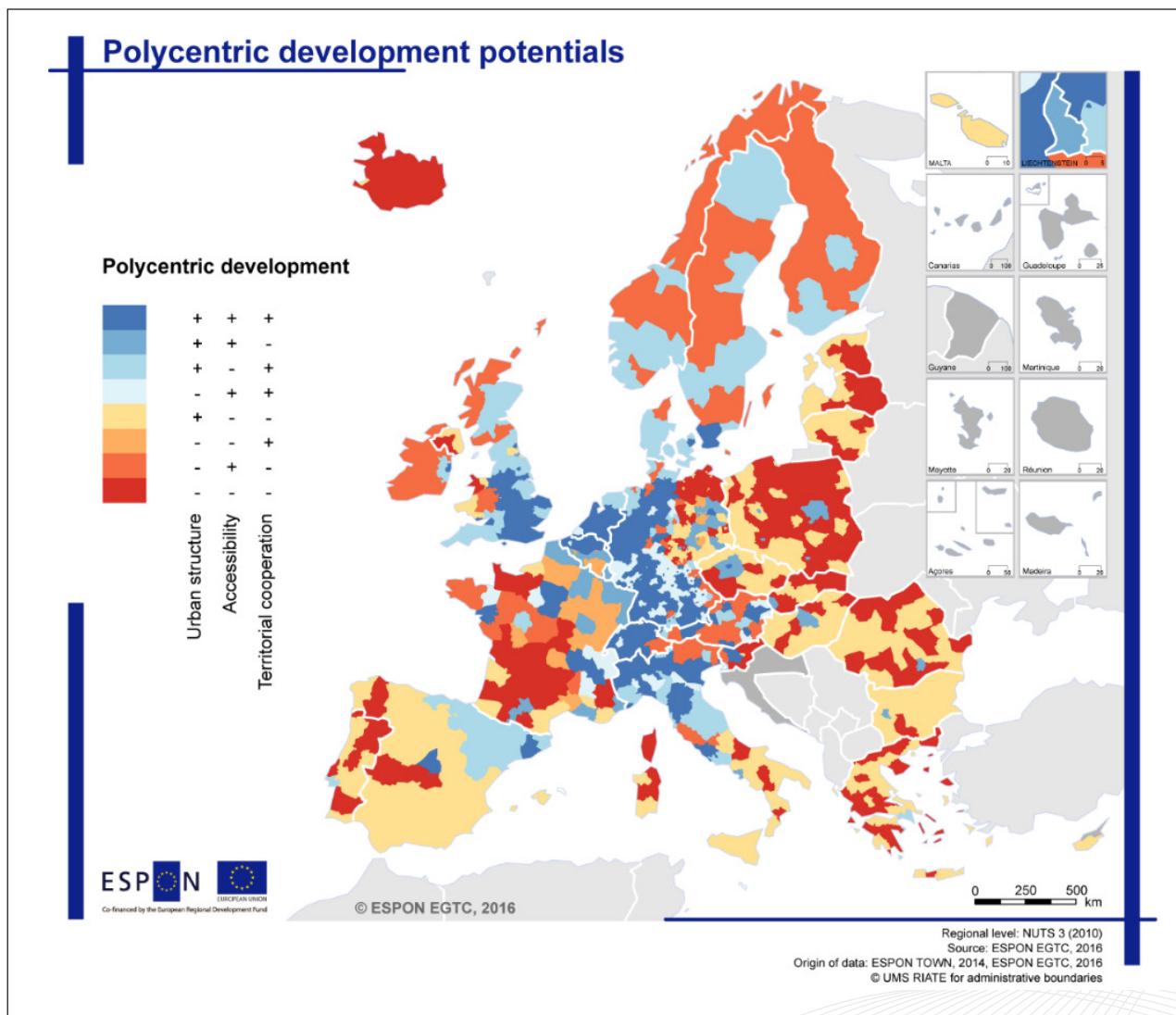
9 R. Huguenot-Noël et al (2018) ‘How do industrial transitions succeed? Transatlantic considerations on drivers for economic development’, <https://www.epc.eu/en/Publications/How-do-industrial-transitions-succeed-Transatlantic-considerations~207c68>

10 EU (2016) Cork Declaration 2.0 A better life for rural areas. Publications Office of the European Union, [https://enrd.ec.europa.eu/sites/default/files/cork-declaration\\_en.pdf](https://enrd.ec.europa.eu/sites/default/files/cork-declaration_en.pdf)

group set up under the European Network for Rural Development proposed to set common, result-oriented targets related to rural areas in the European Semester, and to extend rural proofing to every sectoral policy (transport, education, training, housing, health, and so on) developed at the EU, national and regional level – rather than focusing on new legislation.

While uncertainty remains today as to how the European Semester will be articulated after the parallel launch of the Resilience and Recovery Facility, the long-term ambit should be to translate this agenda into a fully fledged Rural Action Plan in the 2028-2034 programming period.

**Map 1. Polycentric development potentials**



Source: ESPON.

## Differentiation needs

In order to succeed, a new rural development strategy will also need to integrate a more ‘micro-level’ perspective acknowledging better targeting and higher involvement of local stakeholders. The lack of territorial contextualisation of EU policies is indeed one of the main challenges that the EU has to face in its support of rural areas. Situations vary not only between member states, but also across regions and localities. The diversity may be much more significant and more crucial than for urban development, having in mind the huge and sometimes disastrous impact of the CAP as a sectoral and univocal policy. Individual contexts, characteristics and environment can be more or less prone to develop ‘on their own’ or, by contrast, to receive envisaged policy interventions. Today, a growing consensus has emerged that supporting the renaissance of rural and inner areas will not go by without implementing what has long been referred to as ‘place-based policies’. Such an approach involves considering two essential pillars:

- Rural development is, first, a community-led undertaking. Initiatives properly connecting different levels of governance will help design policies taking into account of where, when and for whom a policy intervention is needed. From the design to the implementation stage, putting a territory in a situation of stewardship should accordingly facilitate long-term transformation needs.
- Rural development policies should, then, take a context-sensitive approach. Moving

away from policies with general and territorial-blind aims toward tailored-made interventions, policy interventions should be defined with reference to the geographical, historical and socio-economic features of the territories where they are implemented. Here, an integrated diagnosis aiming to tap into territory-specific features – as proposed for example in the 2019 European Semester<sup>11</sup> – and their relevance for each policy area should be the starting point from which to understand under which conditions the envisaged Rural Action Plan would prove successful.

## Capacitation needs

Diverse realities call for different types of intervention. From our exchanges with stakeholders involved in the implementation of EU rural policy, one dimension emerges as a particularly critical, cross-cutting aspect, namely that of existing differences in the social endowment of rural areas. Insights from the SALSA project notably shed light on differences in ‘territorial capital’ (see Box 1), with some rural areas not only lacking social infrastructure, but also the soft skills or the administrative flexibility needed to create, accompany and sustain innovation networks. Challenges are particularly evident in some Mediterranean countries, where the agri-food sector is largely composed of family-owned small farms lacking the means to invest – to which are added occasional occurrences of administrative failures.

<sup>11</sup> The Annex D entitled Investment Guidance on Cohesion Policy Funding 2021-2027 published in the 2019 Semester contained, for the first time, an analysis of the territorial disparities existing in EU member states. This annex constituted the negotiating mandate of the Commission (DG AGRI, REGI, EMPL, MARE) for the 2021-27 programmes under shared management. Country reports are available at [https://ec.europa.eu/info/publications/2019-european-semester-country-reports\\_en](https://ec.europa.eu/info/publications/2019-european-semester-country-reports_en)

### **Box 1. The impact of the territorial capital on food systems in the SALSA project**

The 2016-2020 SALSA project has been looking at the current and potential contribution of small farms and food businesses to sustainable food systems and food security. SALSA adopted a territorial perspective to analyse food systems, by looking at the way small farms and small food businesses contribute to the functioning of the regional food systems in terms of food provision, food availability and food access. The analysis was conducted in 30 regions across 19 countries in Europe and Africa; 892 small farmers were interviewed and 109 regional food systems analysed. In each region between two and four key products were then selected for in-depth analysis.

Findings notably show that the potential contribution of small farms to regional food systems is highest and most resilient, with capacity to innovate in tune with societal changes, when policies grant due attention to a territory's social capital, that is: how humans are related; the type of network they are involved in; the type of value they are anchored in; and how inclusive are the knowledge transfer and co-construction approaches.

Overall, if pressures for community-led development must be better heard, it would nevertheless be ill-advised to conclude that EU institutions should leave it all to the local level. Rather, this complex reality stresses the

importance of conceiving the governance of the rural development agenda as a multi-level framework where EU institutions should act as a catalyst for just transition at the member state and subnational levels.

## **3. A multi-level governance pact to revive rural development**

Launching the debate on a vision for rural development in the EU has been a critical first step. Today, many local stakeholders are concerned about the new rural development agenda being defined in a way that would allow for the kind appropriation of local resources by multinationals and other businesses, as happened in the past, rather than in terms of (also locally defined) wellbeing, sustainability and

resilience. There is, at the same time, an equally wide recognition that pursuing an agenda of sustainable development in the current context will involve a more transformative agenda – changing structural characteristics of rural areas – than a mere ‘transition’ plan. These tensions highlight the need to strike the right balance in receiving the appropriate level of support to anticipate structural changes, without

external intervention being used to consider rural areas as mere ‘adjustment variables’ in the face of global mega-trends.

Recommendations on how to overcome the challenges highlighted above focus on how to advance structural change on a number of (macro- to micro-level) issues considered critical by rural-policy stakeholders. Given the unique EU multilevel governance context, these recommendations also shed light on the expected contribution of different levels of governance to this agenda.

### **Bolstering sustainable agriculture and championing the energy transition**

Unsurprisingly, a first priority relates to ways to successfully advance our climate change mitigation objectives. Rural development simply cannot be addressed without granting due attention to the role of the agri-food sector in rural areas. The transition to net zero is embedded in a wider transition to sustainable food systems including reversing biodiversity decline and protecting ecosystem services. Climate action has been an objective of the CAP since 2007 but has failed to be effectively taken up by EU member states. Adopted in July 2021, the European Commission’s ‘Fit for 55’ project aims at a 55 percent reduction in carbon emissions by

2030 compared to 1990 levels.<sup>12</sup> As seen above, trends in AFOLU emissions are a major issue of concern in the objective of reducing greenhouse gas emissions in rural areas to the extent that an initiative to create separate targets for the AFOLU sector are currently being discussed. Regardless of the fate of this initiative, the land sector has been explicitly included among the sectors that should contribute to additional removals by 2030 including by means of further afforestation. Accordingly, it is only reasonable to expect that interventions in land use, forestry and agriculture sectors will increase in order to achieve climate neutrality in the next decades – with considerable implications for rural areas. The EU sets up the ambitious objective of being the first climate neutral economy by 2050. Therefore, reducing AFOLU net emission, increasing renewable energy and supporting carbon removal are straightforward, tangible aims of any rural development strategy.

Developments observed in the last decades show that postponing constraints and thresholds to intensive farming has its limits. To make the transformation work, a policy strategy should rely on a holistic approach looking at productive agriculture, energy efficiency and circular economy, but also ensure that new economic models are also made more sustainable. How will this work in practice?

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<sup>12</sup> European Commission (2021) ‘European Green Deal: Commission proposes transformation of EU economy and society to meet climate ambitions’, Brussels, 14 July 2021, [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_21\\_3541](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3541)

First, investing in energy transition is crucial to provide safe and competitive zero-emission solutions – such as clean hydrogen – and bring new life to rural areas. The shift from gas to renewable sources of energy will require strong national assistance for rural areas, supported by public-private partnerships where relevant. But policy intervention will specifically need to

focus much more on network management, helping local actors to anticipate, experiment and successfully transform communities' capabilities into opportunities – as best exemplified in the carefully considered framework proposed in the People's Transition initiative (see Box 2).

### **Box 2. Investing in community-led development for climate justice**

The bottom-up component of the European Green Deal relies on an approach to climate action that puts communities and local capabilities at the heart of Europe's energy transition. The People's Transition<sup>13</sup> is a proposed decision-making model that views climate action as an enabler of local development, gives people and communities ownership of the transition to zero carbon societies and enhances public support for a just transition by tackling inequality and raising standards of living through the delivery of climate solutions. This approach seeks to engage communities, distil their local needs and priorities, and address challenges with solutions that will build adaptative capacity and drive down emissions while enhancing community wellbeing. The aim is to allow communities to co-create and, importantly, cooperatively own the solutions to the climate crisis through a participative approach.

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<sup>13</sup> 'The People's Transition: Community-led Development for Climate Justice', FEPS Policy Brief, Foundation for European Progressive Studies, Brussels, <https://www.feps-europe.eu/attachments/publications/2020%2011%20policybrief%20febs%20tasc%20peoplestransition.pdf>

### **Box 3. Towards sustainable farming in regions of Northern Netherlands**

The Northern Netherland regions are one of the EU areas with the highest productivity in the agricultural sector. To address the challenge of creating a long-term vision for rural areas that fit their needs, they invest in a form of agriculture that combines sustainability and productivity. This strategy is based on:

- Sustainability (reducing emissions of nitrogen and other gases) without decreasing level of productivity
- Mobility and connectivity by better connecting rural areas to the rest of the country and the EU
- Energy transition to becoming the first 'EU hydrogen valley', a geographical area hosting an entire hydrogen value chain – from production to distribution, storage and local end-use
- Inclusive governance by involving all provinces in the design of CAP national strategic plans and local actors through the LEADER project

The transition towards more sustainable agriculture should also be supported by more ambitious environmental planning on the side of governments. In the Netherlands, for example, the damage caused by the extraction of natural gas in recent years has led Northern Netherlands regions to re-orient their development strategy towards the objective of becoming the 'first EU hydrogen valley' while promoting the shift toward the circular economy. More recently, three provinces struck a national deal with the government in the so-called 'nature inclusive agriculture' programme, allowing farmers to be granted the freedom and funding to develop innovative ways of farming according to their local circumstances (see Box 3).

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*The success of the EU climate agenda will rely on our collective ability to put local communities in rural areas in the driving seat of the energy transition*

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Finally, private-sector regulation initiatives can help achieve more sustainable-development models. Some areas, in Italy for example, have tapped into the opportunities offered by the development of geographical indications (GIs) to move towards segments of higher added value, thereby also increasing their competitiveness (see Box 4). GIs constitute a system of identification and protection of high-quality productions linked to origin, used to promote the uniqueness, reputation and quality of agri-food productions resulting from specific characteristics of their region of origin. From the

agri-food perspective, GIs should be supported in such a way that helps prevent community-based rural production systems being crushed by standardised business practices. GIs not only have positive implications for local consumption patterns, but they also serve local engagement purposes. As building and developing a GI accordingly requires the strong and long-term local commitment of farmers, politicians and other economic actors, the build-up of these networks should also be supported by public institutions.<sup>14</sup>

#### **Box 4. Quality and sustainability: GI opportunities for rural areas in Italy and beyond**

Geographical indications (GIs) are a good example of a ‘zero cost’ power that plays a propulsive role in sustainable rural development thanks to a combination of local identity and global fame. In Italy, areas acknowledged by GIs experience better local economic development. When an area is designated a GI, the result is a slowing of population decline and the fostering of development processes between sectors. There is also a shift from agricultural specialisation towards higher-value-added sectors.<sup>14</sup> As an actor involved in the re-shaping of GI regulation scheme, the EU contributes to supporting these economies develop sustainably by preserving their peculiarities and territorial identity.

In addition, GIs may play a crucial role also in supporting farmers’ and producers’ sustainability thanks to the strict regulations that the product specifications fix. To produce GIs, producers must follow the process described in the production specification, akin to an official code of practice followed by each producer. In this framework, product specifications can be modified and updated to impose more sustainable farming and production practices.

<sup>14</sup> Riccardo Crescenzi, Fabrizio De Filippis, Mara Giua, and Cristina Vaquero-Piñeiro (2022) ‘Geographical Indications and local development: the strength of territorial embeddedness’, *Regional Studies* 56(3): 381-393, DOI: 10.1080/00343404.2021.1946499. For a blog post that offers a summary of our research on the impacts of geographical indications, see <https://blogs.lse.ac.uk/gild/2021/11/15/cheers-to-a-future-of-local-prosperity-geographical-indications-gis-and-economic-opportunities-in-rural-areas/>. The full paper is available at <https://www.tandfonline.com/doi/full/10.1080/00343404.2021.1946499>

## Attracting investment

Rural places that lead the sustainability agenda are also able to leverage public and private investment opportunities. There are important global opportunities for innovation and development in rural areas. Public policies can, first, help attract private expenditure in rural areas. Looking at the impact of regional investment over time, evidence shows that regional investment promotion agencies are more effective in attracting knowledge-intensive investments to less developed regions (attracting 71 percent higher investments than those without agencies). Private and public investments should also move in tandem to support local economies, including by improving marketisation and trade opportunities. Although a peculiar case given its regular tourism-inflows, private and public development strategies in Tuscany – where 32 percent of agricultural surface is organic – show how a proactive climate transformation strategy can be achieved even in places where small farms are the norm rather than the exception. Besides the ‘Invest in Tuscany’ strategy (see Box 5), the region’s success notably relied on bio districts and local products promotion (Biodistretto del Chianti), so-called ‘communities of food’ aggregating rural areas around common targets, as well as ‘communities of practice’, for example on precision farming. Combined with strategies to diversify its economic activity (for example by facilitating remote working), this strategy contributes to reducing the environmental impact of farming and improving the way farmers use their production means.

### Box 5. Tuscany’s comprehensive investment promotion strategy

Investment priorities in Tuscany’s rural areas focus on digital and logistic infrastructures, skills and know-how, and dedicated services for supporting investments (including Foreign Direct Investments) in regions. The initiative ‘Invest in Tuscany’<sup>15</sup> is a concrete action launched to attract FDI and support agricultural investments in rural areas. This strategy focuses on the promotion of digital and logistic infrastructures, skills and know-how, and dedicated services for supporting investments (including FDIs) in regions. Several programmes were also put in place to help attract green investment in rural areas, including through ‘smart villages’ (for example, in Santa Fiora Municipality). This strategy has helped place Tuscany on the map of national and international companies, connect Tuscany to the international business community, and offer services such as pre-establishment support, support during settlement (possible locations, through the network of contacts with the production districts), and post-establishment support.

15 <https://www.regione.toscana.it/-/invest-in-tuscany>

There is, in addition, room to facilitate existing processes aimed at attracting public investments in rural areas, including at EU level. Regional- and local-level growth policies need to work more often in combination. Even if most of the funds don't come from CAP, stakeholders in rural areas often focus too closely on opportunities and challenges linked to possible CAP reforms. One reason for this is that the dialogue between different funds remains an issue. Too often, EU funding is sought by different means with more or less success and cannot be combined ex-post. We need to move towards multi-fund programming for rural areas strategies, as per the model of European Structural Investment Funds (ESIF) whose objectives were largely streamlined with reference to 'Europe 2020' objectives, the EU's overall development strategy.<sup>16</sup> When focusing on localised expenditure of CAP and CP, evidence shows that the impact is maximised when funds work in synergy.<sup>17</sup> Today, stakeholders agree that synergies between EU policy and intervention frameworks have been somewhat improved in the previous programming period, but that, overall, very little progress has been achieved since 2000, despite recurring commitments to become better at it. Streamlining the use of EU funds should accordingly become a priority for the European vision for rural areas towards 2040.

## Nurturing innovation systems

Investments in climate and digital transitions have been identified as ways to improve productivity and service delivery; and reliable connectivity supports business and employment growth. To be effective, innovation needs to be conceived in different ways. First, innovation is not only about money. Policies should encourage innovation conceived as a system, an inclusive multi-actor network that brings together universities, firms, local producers and citizens. In this way, academic studies and official reports, which are otherwise too distant from the market, could become the milestones on which to build interventions.

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*Innovation should be conceived as a system, an inclusive network bringing together universities, firms, local producers and citizens to make best use of all human and environmental resources*

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<sup>16</sup> Robin Huguenot-Noël, Alison Hunter, and Fabian Zuleeg (2017) 'Can the EU structural funds reconcile growth, solidarity and stability objectives? A study on the role of conditionalities in spurring structural reforms and reducing macroeconomic imbalances', EPC Issue Paper No. 83, October 2017, available at <http://aei.pitt.edu/91832/>

<sup>17</sup> R. Crescenzi, and M. Giua (2016) 'The EU Cohesion Policy in context: Does a bottom-up approach work in all regions?' *Environment and Planning A: Economy and Space* 48(11): 2340-2357. The full paper is available at <https://journals.sagepub.com/doi/10.1177/0308518X16658291>

A clear example of a ‘best practice’ in this regard, the EIP-AGRI (see Box 6), finances challenge-driven initiatives focused on societal benefits and rapid modernisation that may provide favourable conditions for co-operation between research centres and innovation partners through innovation hubs and technology clusters.

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*Multi-fund programming and public-private investment strategies should go beyond CAP absorption to maximise local impact*

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#### **Box 6. EIP-AGRI and AKIS: How the EU supports innovative agricultural practices on the ground**

European Innovation Partnerships (EIPs) are partnerships that bring together relevant parties at EU, national and regional levels to streamline, simplify and better co-ordinate existing financial instruments and initiatives. They focus on challenges that can benefit society, and modernise sectors and markets. The EIP related to the agriculture and forestry sector (EIP-AGRI) works to foster competitive, sustainable farming and forestry to ensure a steady supply of food, feed and biomaterials.

AKIS (Agricultural Knowledge and Innovation Systems) is an EU initiative aiming at connecting people, to exchange knowledge and share ideas across populations using and producing agricultural goods. AKIS can include farming co-operatives, small businesses, local authorities, researchers, and so on. These ‘knowledge exchange systems’ help gather the resources available to foster innovative practices, which play a crucial role in helping farmers, foresters and rural communities meet current and future challenges.

For achieving true impact, AKIS should be both strong in clearly defined goals and strategies for sustainability and well linked, so that initiatives play together in the sense of more connected, informed and empowered farmers, and do not stay fragmented as isolated events. In some countries with poorer tradition of knowledge transfer systems, AKIS remains fragmented and weak, and therefore does not support all farmers and farming styles as expected.

Policy should ensure that innovations will be also diffused in the economy and society at large, avoiding that they remain isolated and untapped, as is too often the case.<sup>18</sup> One should, then, also recognise that not all rural areas may, in fact, be a fertile place to implement advanced innovations and implement radical technological transformations. In these cases, rather than running after frontier-innovation, feasible and effective innovations should be considered.<sup>19</sup> While the final aim should be to foster an innovation culture in the agricultural and forestry sector, each intervention should start with evaluating what each rural area really needs, ensuring local engagement and agreeing on tailor-made sustainable goals. Based on this, markets should also be incentivised to participate in co-creating innovation and designing solutions capable of meeting local needs. In this way, research may be developed in a way that is closer to agricultural challenges faced on the ground, allowing it to become a milestone on which to build interventions, and earn tangible value. Another important EU initiative in this context is the set-up of Agricultural Knowledge and Innovation Systems (AKIS), a project aimed at creating decentralised knowledge-exchange platforms to foster innovative agricultural practices. Stakeholders involved in its implementation stress the effectiveness of fostering a creative environment in some regions (including, for example, Tuscany). Yet studies on the implementation of the EU's AKIS initiative also show that the resources available to generate innovation networks vary widely

across countries, with only a few countries, such as Austria, Denmark and Ireland, being able to rest on both integrated and powerful innovation systems. To support the EU's interest in ensuring that well-functioning AKIS exist throughout its rural regions, EU intervention should ensure that enabling conditions are met for this project to work, based upon the example of ex-ante conditionalities introduced in Cohesion Policy during the 2014-2020 programming period.<sup>20</sup>

## Promoting community ownership

For the 2023-2027 EU budget, each EU country is supposed to design its own national CAP strategic plan. While EU legislation foresees the participation of regional, local authorities and civil society stakeholders in all stages of the preparation, implementation and monitoring of the programmes, member states tend to have a very flexible and economic approach to fulfilling these provisions. In Italy for example, the shift in governance of the CAP from regional to national programmes, in spite of the resistance shown by the AGRIREGIONS manifesto, disconnecting intervention from local realities. More discussion is needed to understand why member states resist engaging local actors and civil society in a meaningful way, how much this non-engagement impacts the successful outcome of the interventions, and who is really engaged in policy interventions (local actors, ministries, agencies, interest groups).

18 For more details, see eg A. Matei (2021) Policy recommendations for the Integration of Cultural and Natural Heritage (CNH) within Research and Innovation Strategies for Smart Specialisation (RIS3/4). RURITAGE Heritage for Rural Regeneration, [https://www.ruritage.eu/wp-content/uploads/fv-contest/c1/Ruritage-Policy-Recommendations-www-pages.pdf?\\_t=1641901585](https://www.ruritage.eu/wp-content/uploads/fv-contest/c1/Ruritage-Policy-Recommendations-www-pages.pdf?_t=1641901585)

19 Riccardo Crescenzi, Guido de Blasio, and Mara Giua (2020) 'Cohesion Policy incentives for collaborative industrial research: evaluation of a Smart Specialisation forerunner programme', *Regional Studies* 54(10): 1341-1353. See also Huguenot-Noël et al (2018) on regional development options for 'left behind' territories: <https://www.epc.eu/en/Publications/How-do-industrial-transitions-succeed-Transatlantic-considerations~207c68w>

20 Huguenot-Noël et al (2017), op cit.

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*Local institutions and actors should be systematically involved in drafting CAP plans, and barriers to participation tackled*

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At the subnational level, policy implementation relies today on networks, bringing together politicians, civil society, administration and local businesses. Given that climate action addresses local needs and priorities, the support of participation, local knowledge, co-creation and co-ownership is needed to create virtuous responses. In this context, successful rural areas often share a common ability to make local populations more interested and more involved in local developments. Adopting a context-sensitive approach in such settings involves considering territorial characteristics and peculiarities and setting realistic objectives in terms of who could be participating in local activities, as well as who could be interested in collaborating and more actively steering these projects – in a way that goes beyond

generational concerns. Such an approach puts forward the need to anchor rural development strategy in the long run on territorial capabilities, strengths and peculiarities.<sup>21</sup>

How can one policy intervention boost social cohesion in rural areas? Looking at ‘social places’ in three cities in Germany as part of the Social Places project (see Box 7), Professor Dr Neu (Chair of Sociology of Rural Areas at the University of Göttingen) and her team identified a number of enabling conditions. To facilitate community ownership, setting the right processes matters: social places do not work without the permanency and maintenance of social interests and relevant infrastructure services. To achieve this, public administration needs to be open to participating in these

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<sup>21</sup> Coalition of AGRIREGIONS Manifesto (2019) ‘For a fair and sustainable Common Agricultural Policy at the service of the regions’, [https://agricoltura.regione.emilia-romagna.it/pac-post-2020/politica-agricola-post-2020/agriregions/2019-09-09\\_agriregions-manifesto\\_final\\_en.pdf](https://agricoltura.regione.emilia-romagna.it/pac-post-2020/politica-agricola-post-2020/agriregions/2019-09-09_agriregions-manifesto_final_en.pdf)

### **Box 7. Social Places project**

The project *Das Soziale-Orte-Konzept. Neue Infrastrukturen für gesellschaftlichen Zusammenhalt* (The Social Places Concept. New infrastructures for social cohesion) investigated conditions of social cohesion in two rural districts (*Landkreise*) of Germany: Waldeck-Frankenberg (Hesse) and Saalfeld-Rudolstadt (Thuringia) from 2017 to 2020. Specific attention was devoted to how 'social places' were built up or revived by local civil society.

This research project looked at concrete examples:

- In Löhlbach, people were struggling to find a social place to exchange. By renovating the marketplace and introducing a new corner shop, citizens have created a new place for activities and encounters.
- In Dalwigksthal, people decided to create a co-operative (with the eventual involvement of almost the whole village) to transform the building into a self-run pub.
- In Diemelstadt, people were concerned about what could be done to deal with the incoming of 120 refugees in 2015. After starting villages workshops, the local population organised a new bus system and local activities around an app.

The main finding of the Social Places project was that social spaces can stimulate social balance and new forms of cohesion. 'Local' is the keyword in all of this. This is why the presence of widely available civic institutions is so important. Overall, a number of 'enabling conditions' were identified. First, local people need (financially and administrative) support to develop their local environment into a needs-based, process-oriented and sustainable place to live. The vital prerequisites here are robust local and democratic institutions that enable local citizens to gain access to public services and be socially included, and make public infrastructures a positive experience – giving people space to develop their own ideas so they can then build up new, future-focused, local-level structures of social cohesion and democracy.

*The project was led by Prof. Dr Neu, who holds the Chair of Sociology of Rural Areas at the University of Göttingen, and funded by the German Federal Ministry of Education. For more information, visit <https://www.uni-goettingen.de/en/633428.html>*

processes, which often involve a ‘whole-of-government approach’ involving different administration departments. Accordingly, policies that work most effectively tend to allocate funding to social processes, rather than projects, and operationally provide a more flexible funding structure. In these places, capacitation is not only a buzzword, but also a comprehensive plan toward something concrete. Programmes tailoring the restoration of social places notably largely rely on local engagement, trying to boost soft skills and foster youth engagement where possible – if need be, through the development of local apps (see Box 7).

EU action can also contribute to boosting social cohesion by means of such local-level projects. The LEADER programme is a fitting example in this respect. With a community-led local development approach, the programme aims at helping rural places rediscover or build their specificities and values, become attractive for incomers and investments and improve the overall quality of life. Used for over 30 years, the programme involves a range of local stakeholders. Rural stakeholders concur to praise its effectiveness in implementing policy interventions that really take into account where, when and for whom each policy is – contributing, in turn, to bringing the EU closer to its citizens. As it stands, the LEADER programme has not been experienced in all rural areas. Constraints may indeed be high in rural areas characterised by fewer amenities, fewer capacities, and less willingness to participate of local actors. Yet, if not able to be replicated everywhere, promoting the bottom-up approach used in the LEADER project in other rural development policies and beyond could help generate further benefits in terms of the ownership of EU programmes.

## Boosting social vitality

The feeling of being abandoned, which characterises several rural communities, is not a ‘rural problem’ per se. It is a territorial issue affecting rural areas, as well as other territories. This points to the need to reflect on the importance of social cohesion, or of a ‘social fabric’, to support sustainable development and resilience. Community-driven projects are determinant, and very small projects and activities can make a difference both to people’s lives and to climate action. Appreciating differences in human and social capital endowment is here paramount. While in some rural areas people may be likely to participate and collaborate, this is not always the case. A combination of demographic, social and psychological factors can stand in the way. Rural areas with older populations may face issues linked to lower adaption capacity or other ageing-related difficulties (such as mobility), others a more ‘demobilised’ or even ‘demoralised’ population. Bringing public services and administrations into the fray is critical, in particular to implement development strategies in territories where local capacities are more limited. The possibility of relying on basic services and income streams is a pre-requisite for any wellbeing agenda conceived in terms of peoples’ capacitation.<sup>22</sup>

Building on these, public intervention should ensure affordable access to essential infrastructures (health, housing, energy, mobility) and to quality social services of a more ‘social investment’ type (childcare, education, lifelong learning, active labour market policies), including through EU support. Promoting social progress should start with EU and national institutions ensuring the effective enforcement of basic social standards for all, including

<sup>22</sup> Hemerijck and Huguenot-Noël (2022) *Resilient Welfare States in the European Union*, Newcastle: Agenda Publishing, <https://www.waterstones.com/book/resilient-welfare-states-in-the-european-union/anton-hemerijck/robin-huguenot-noel/9781788214865>

seasonal workers hired in the agriculture and forestry sectors whose labour rights are too often violated with the tacit agreement of national authorities.<sup>23</sup> Going forward, policy interventions should also grant due attention to

the peculiar sociology of people living in rural areas – with youngsters notably marked by lower levels of education and aspirations than their urban peers.

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*Basic infrastructures and income streams are necessary but not sufficient. EU action should help revive a 'social fabric' able to address structural change*

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Contributing to reducing carbon emissions is often regarded by rural dwellers as an obligation to renounce their freedom of movement. This perceived conflict between climate objectives and physical mobility was the spark that created ‘the gilets jaunes’ ('yellow vests') protests in France, for example. More attention should be granted to finding ways to overcome this tension, beyond the apparent solution of remote working, which too often only concerns a happy few. Part of the remedy to preserve mobility needs while overcoming structural weakness of rural areas in terms of the access to services and social infrastructure is to encourage low-carbon-emission transport, including by means of increased connectivity between rural and urban areas. To achieve this, the urban centralisation of the past development policies should be replaced by interventions aimed at

enhancing urban-rural administrative linkages and strengthening co-operation between rural and urban communities. In these projects, rural areas close to cities should be treated differently from remote ones.<sup>23</sup>

Rural areas' development strategies will, finally, need to more actively consider demographic factors. Certainly the knowledge and experience of older generations of farmers needs to be preserved. As in the case of GIs, local recipes and traditional farming practices still involve traditional techniques that conserve rural culture and landscapes. But rural development should be about more than preserving what is, however precious it may be. As shown above, the relevance of social infrastructures, effective social processes and soft skills is still too often neglected in policy design and implementation.

<sup>23</sup> In an article entitled ‘Enforcement of Minimum Labor Standards and Institutionalised Exploitation of Seasonal Agricultural Workers in the EU’, Cecilia Bruzelius and Martin Seeleib-Kaiser (2022) from the University of Tübingen show that seasonal workers’ rights in agriculture and forestry are neglected across EU countries, irrespective of national enforcement regime. The authors argue that the scant efforts made to enforce these workers’ rights amounts to institutionalised exploitation of seasonal workers and call for a policy shift in the EU’s approach, [https://www.researchgate.net/publication/359653867\\_Enforcement\\_of\\_Minimum\\_Labor\\_Standards\\_and\\_Institutionalized\\_Exploitation\\_of\\_Seasonal\\_Agricultural\\_Workers\\_in\\_the\\_EU?\\_sg%5B1%5D=lt\\_Zg-Yok4GUSPVxsH7xdklsqPaTUUc9M0m0Vmkc86NxEaUP-W27qNYn0okwsC\\_z3i48KMPgxA](https://www.researchgate.net/publication/359653867_Enforcement_of_Minimum_Labor_Standards_and_Institutionalized_Exploitation_of_Seasonal_Agricultural_Workers_in_the_EU?_sg%5B1%5D=lt_Zg-Yok4GUSPVxsH7xdklsqPaTUUc9M0m0Vmkc86NxEaUP-W27qNYn0okwsC_z3i48KMPgxA)

In this conundrum, young generations are crucial to supporting social places, consolidating local democracy and creating infrastructures for social cohesion. Younger generations tend to be more likely to set up new business activities and adopt innovations. But they are also an important potential resource of those skills recognised as

the future engine for rural development, from soft mediation to communication. This new vitality can in turn contribute to building new forms of participation and networks, creating a public sphere going beyond social milieus.

#### **Box 8. Rural-urban engagement as a driver for social vitality.**

An OECD team is currently working with the support of the Polish Academy of Sciences on a report on urban-rural linkages in Poland to be published in June 2022. This study shows that there is still a need to intensify rural-urban linkages in Poland and that suburbanisation creates the need for strengthening these linkages. EU funds proved to be useful in creating rural-urban partnerships in providing public services but there is still potential to expand their scope and scale, especially in green transition. At the same time, institutional barriers still exist that hinder enhancing rural-urban engagement. To overcome these, regions should be granted more power to promote co-operation among rural and urban communities. An effective and wider use of Integrated Territorial Investments (ITI) and Community Led Local Development (CLLD) would, in that regard, help increase rural-urban engagement.

In the EU's current rural area strategy, a strong emphasis is placed on the opportunity presented by remote working as a way to attract new, younger residents, more likely to set up new business activities. This strategy is certainly well-intended and could indeed bring about socio-economic benefits. But there are also caveats. Rural policies aimed at increasing newly educated and skilled young people tend, first, to target an already well-off population. However well-intended, policies directly providing new services and, in some cases, income run the risk of increasing inequalities between newcomers and existing residents.

While positive social but also economic spill-overs can certainly be expected, these won't be sufficient to compensate for differences in personal characteristics, disparities in age, education and income, especially if 'local marketing campaigns' raised contradictory expectations regarding the expected level of local involvement. Policies should also be careful in considering generational discrepancies in targeting policy interventions. Lifestyles change radically across generations, and programmes should have clear in mind 'whom' they would like to engage. Pursuing only a 'transformation' agenda without getting everyone on board may

accordingly prove ineffective or even backfire in contexts where the older population feel less comfortable with technological and economic changes, and less prone to innovation and lifestyle changes. Here, inter-generational dialogues should be made stronger, more visible and effective. Cultural centres should be (re-)developed and leisure activities, such as sports, promoted to allow more people from different backgrounds to come together while providing opportunities for people with different educational backgrounds and training to provide

various kinds of local service. Finally, while a strategy of ‘attracting new people’ may work for some (geographically attractive) territories, others may want to build on other local (social) characteristics to encourage people to stay and take ownership of local change. Here, a good practice with short- and long-term benefits that deals with the demographic challenge, with sustainable economic development and that offers potential for employment opportunities, is to connect school curricula to local agro-environmental and economic realities.

## Conclusions and recommendations

In the past, rural areas have generally received limited attention in national and EU growth and development strategies, leading to a low level of ownership of these objectives on the ground, and contributing to a wider general feeling of discontent and resentment towards decision-making centres. This relative decline can be attributed to factors as diverse as macro-factors, such as the rise of the knowledge economy (incentivising socio-economic concentration in urban centres) or endogenous, context-specific constraints including demographical characteristics. But it is also fair to say that policy failure also contributed. Most notably, as low-density areas with few resources and structural bottlenecks, the contribution to rural areas to ‘macro’-objectives (such as a country’s overall wealth and prosperity) has long largely been considered as marginal. Today, there is a wide recognition that rural areas will be at the forefront of many changes European societies will have to face in the coming decades, foremost among which is nothing less than the anthropocentric climate disruption crisis. To face this existential threat, the policy change initiated by the European Commission in its long-term vision for EU rural areas should now be accompanied by consequential action aimed

at overcoming the weaknesses of existing rural policy interventions and helping to maximise the endogenous potential of every territory. Further action also at the EU-level is needed to not only define a clear long-term vision for supporting rural development in the era of green transition, but also to give more support to provide a more context-sensitive macro framework, develop ‘capacitating’ policies, and promote community-driven development.

Risks of failure today mainly emerge from the lack of connectivity and synergies at different levels and in different contexts: public and private investments; rural and urban facilities; multilevel governances. In short, policies are too often implemented in isolation and this should be changed. Further, while it is clear that a common framework is necessary, it will surely not be sufficient. The EU’s rural development agenda should be conceived as a community-led undertaking, as an evolving document which is a result of the contribution, collaboration and consultation of local actors and communities. At the same time, the need for a more bottom-up and context-sensitive approach does not imply that EU institutions should stay away. As the ‘guardian of the

Treaties', the Commission should also see itself as the guardian of the multi-level framework, acting itself as an enabler for local, endogenous development wherever it is most required. A community-based approach puts forward the need to anchor rural development strategy in the long run on territorial capabilities, strengths and peculiarities. Several lessons emerge, as summarised in the following recommendations and proposals for best practice.

### ***Putting sustainable agriculture at the heart of structural change***

Sustainability and climate change actions imply, first, the need to take sustainable agriculture, which contributes to a large extent to overall regional productions in rural areas, as the cornerstone of any structural change. Farmers require concrete programmes that can help guide them through their transition towards sustainable farming systems. Given that climate change is re-shaping agri-food systems, policy intervention in favour of sustainable agriculture should rely on a more holistic approach looking at the same time at productivity, renewable energy, tree restoration, agricultural soil management, carbon removal, circular economy, and farmers' education and training. In the energy transition toward a low-carbon economy, initiatives in rural areas, such as renewable energy infrastructure, may contribute effectively to the economic and social vitality of such areas.

Initiatives aimed at enhancing the sustainability of the agri-food sector are already flourishing, as best exemplified by the 'climate transition' turn taken in the Northern Netherlands, wide institutional support for the promotion of sustainable local products in Tuscany, or community-driven sustainable fishing programmes implemented in Scotland and Northern Ireland. European farmers and populations in rural areas could well be in the

driving seat in implementing climate solutions, but for that to happen, these populations also need concrete programmes that can help guide them along their journey towards sustainable farming systems and consumption practices.

### ***Improving social infrastructure, processes and investment – leading to personal wellbeing, territorial resilience, and innovation***

Improving territorial cohesion requires, above all, improving social infrastructures and enhancing human capital. Policy interventions should accordingly acknowledge the social infrastructure needs of social areas and provide essential infrastructures and services (for example, in areas such as health, housing and childcare) to make these more attractive places to live and work. Well-designed training projects, thought-through social processes and more inclusive social places are not only the building blocks of sustainable wellbeing; they will also contribute to enhancing territorial resilience vis-a-vis market fluctuations and economic downturns and eventually pave the way for more innovative activities. Meanwhile, the meaning of innovation itself should be updated to be conceived as a multi-actor, knowledge-sharing system that can help design practical and feasible solutions in order to meet local needs. To sustain local development, private (both national and foreign) and public investments should also move in tandem. Although many rural areas have generally been struggling with attracting investment, concrete examples of 'leading rural areas' in the just transition (with more or fewer amenities) show that major progress could be achieved through low-cost measures such as the set-up of regional investment promotion strategies or the creation of geographical indications.

## ***Streamlining funding allocation, with co-ordinated investment, concrete plans and enhanced multi-level governance***

EU institutions have a major role in supporting rural revitalisation strategies. Policies that work most effectively tend to allocate funding in combination with social processes, rather than to one-off projects. The success of the LEADER programme is here a clear example of good practice. Looking ahead, EU institutions should facilitate the dialogue between different actors to avoid the risk of inflation of plans and improve the overall coherence of rural areas' development strategies. While initiatives such as the Rural Observatory and the Rural Pact are welcome, the latter should now be associated with concrete objectives, deliverables, and a clear governance structure allowing better monitoring of rural development objectives, eg in the Common Agricultural Policy strategic plans, Cohesion Policy programmes, and Recovery and Resilience Plans – before it translates into a fully fledged Rural Action Plan in the 2028-2034 programming period. Finally,

if EU-level changes are needed, improving the coordination of policies and investments and enhancing political ownership across all levels of governance won't go without the active contribution of national governments. While multilevel governance approaches and partnerships exist today, their application still too often faces domestic resistance. This approach needs a radical update.

## ***Engaging with local communities at every stage of policymaking***

As emphasised throughout this brief, the participation of local communities in policy development, decision-making, implementation and evaluation adds value to policymaking by contributing unique experience and knowledge of local challenges. Providing local stakeholders with the means to achieve shared goals will also contribute to improving their ownership of just transition objectives. A sine qua non condition to make the EU 'fit for 55'.

## About the authors



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Robin Huguenot-Noël is a researcher and PhD candidate at the European University Institute (EUI) where his dissertation focuses on welfare recalibrations in France and Germany since Euro adoption. Trained as an economist and political scientist, he worked between 2014 and 2020 as policy advisor to the UK Treasury, the German co-operation and development agency (GIZ), and the European Policy Centre (EPC). He has published several reports for the European institutions on the EU budget, regional development, and welfare reforms in the EU. He is also the co-author of the book *Resilient Welfare States in the European Union*, written with Anton Hemerijck.

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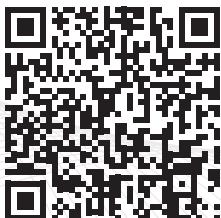
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The cover features the title 'The People's Transition' in large, bold, black font at the top. Below it is a subtitle 'Community-led Development for Climate Justice' in a smaller, teal font. At the bottom, it says 'Including a case study focused on rural communities in Ireland'. The background is white with a graphic of several hands of different skin tones raised in the center. Logos for FESI, Friends of the Earth, and tasc are at the top right.

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