

BEYOND THE CAP: COMPLEMENTARITY IN EU RURAL DEVELOPMENT FUNDING

“The architecture of the CAP must be based on a common strategic and programming framework [...]. Rural and agricultural policies must interact with the wider context of national and regional strategies and work in complementarity and coherence with other policies.”

Cork 2.0 Declaration: A better life in rural areas

Rural areas cover **83%** of the EU's land and are home to around **28%** of its population, some 140 million people.

Many rural areas suffer from high levels of unemployment and lack vital infrastructure like high-speed internet and transport connections: the EU's rural residents are up to twice as likely as city-dwellers to experience poverty or social exclusion.

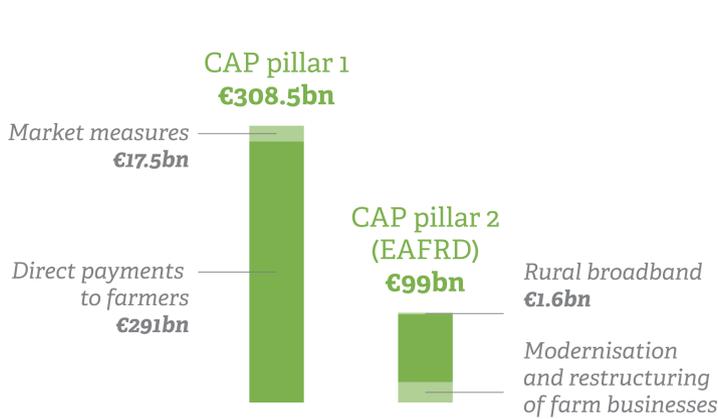
The promise of a higher quality of life and greater economic opportunity elsewhere is causing a rural exodus, putting strain on Europe's cities while leaving vast untapped potential in the countryside.

The EU's rural development policy aims to counter this trend using agriculture as a catalyst for change that benefits all sectors. Funded by the €99bn European Agricultural Fund for Rural Development (EAFRD), rural development makes up the second pillar of the Common Agricultural Policy (CAP).

While the CAP's first pillar provides annual land-based direct payments to farmers, the second pillar focuses on multiannual projects aimed at boosting sustainability, investment and innovation.

CAP FUNDS 2014-2020

38% of the current EU budget is allocated to the **CAP**.



The EAFRD will provide €22.6bn for the modernisation and restructuring of farm businesses from 2014-2020. It will also aim to spend €1.6bn on rural broadband, to benefit 27 million people in remote areas and support the development of 58,000 SMEs.

Farm incomes are only 40% of the EU average in other sectors, so farmers are keen to ensure the support they receive is protected in the EU's post-2020 budget.

But with the departure of the UK, a net contributor to the EU budget, as well as a surge in new challenges such as defence, migration and climate change, pressure is growing to ensure EU spending is as efficient as possible and look for synergies between different funds.

As the biggest item on the bloc's budget, the CAP must prove it is an efficient instrument or risk being cut.



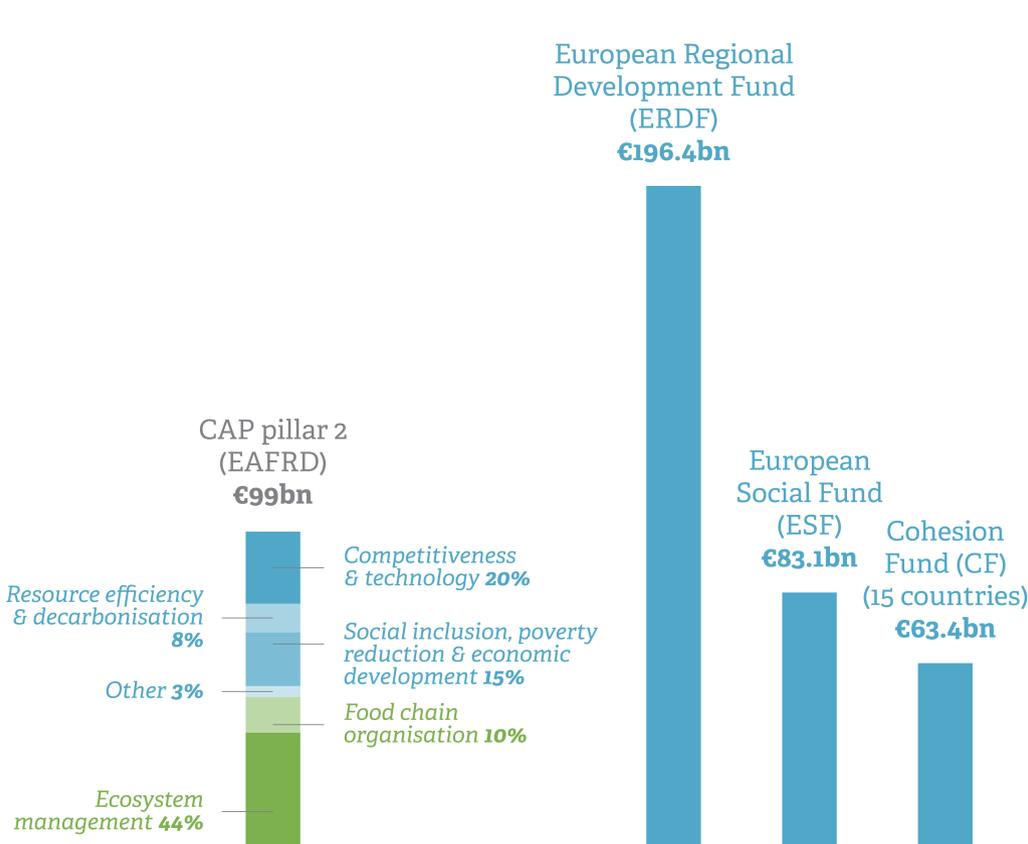
38% of the 2014-2020 EU budget is spent on the **CAP** and **32.5%** on **cohesion policy**.

EU Cohesion Policy can complement CAP rural development funds. Together, the three Cohesion Policy funds are worth €343bn from 2014-2020, or 32.5% of all EU spending.

These funds are the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF). While they do not overlap with the EAFRD, there is significant complementarity between the objectives of the different funds.

EU COHESION FUNDS

The **CAP's** rural development pillar and complementary **Cohesion Policy** funds.



Four of the objectives of the EAFRD are complemented by the priorities of at least one EU Cohesion Policy fund.

COMPARING THE OBJECTIVES OF THE EAFRD AND EU COHESION POLICY

EAFRD (CAP pillar 2)	ERDF	CF	ESF
Social inclusion, poverty reduction & rural economic development (15%)	Focus on SMEs, economic development in mountainous, remote, peripheral areas	Digital, energy and transport infrastructure for economic development	Adaptability of workforce, job prospects, social and economic inclusion, poverty reduction
Viability, competitiveness & farm tech (20%)	Technology investment	Digital and transport infrastructure	✗
Resource efficiency & decarbonisation (8%)	Low-carbon investment	Energy efficient infrastructure	✗
Knowledge transfer & innovation (cross-sector)	Innovation, research, modernising economy	✗	✗
Food chain organisation, animal welfare & risk management (10%)	✗	✗	✗
Ecosystem preservation & restoration (44%)	✗	✗	✗

The two objectives unique to the EAFRD absorb 54% of the CAP's rural development budget (€54bn).

“The European Agricultural Policy is a unique set of complementary tools. Rural development programmes play a key role in boosting investments, sustainability and resilience of the farming sector, while the first pillar is the place of annual support for farmers with common rules for pan-European public goods, safety nets and solidarity across the EU.”

Luc Vernet, senior advisor at Farm Europe