

EU Cohesion Policy in non-urban areas



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Non-urban areas have traditionally been a key focus of the EU's territorial policies. They are targeted explicitly through the EU's Rural Development Policy (RDP) and implicitly under EU Cohesion Policy (CP) which has a broader territorial remit.

Non urban areas defined as equivalent to rural areas cover more than 90% of the EU territory and are home to nearly 30% of the EU population.

The structural transformations in rural Europe over the past three decades have resulted in an economic structure currently dominated by the tertiary sector. Yet, in several Member States, employment in the primary sector is still proportionally high

This At a Glance note is based on and summarises the study on EU Cohesion Policy in non-urban areas, prepared for the Parliamentary Committee on Regional Development by EPRC: Stefan KAH, Neli GEORGIEVA, Liliana FONSECA.

Main observations

During the programming period 2014-2020, urban areas (€165.5 billion) have been allocated over three times as much Cohesion Policy (CP) funding as rural territories (€45.6 billion). Across Member States, the share of Cohesion Policy Funds allocated to rural areas varies from less than 5% to more than 30%.

By the end of 2019, financial implementation appears more advanced in rural than in urban areas at EU level and in many Member States

Rural investments are directed first and foremost to transport infrastructure, followed by

support to environmental actions, and only then to Small and medium-sized enterprises (SMEs).

Managing Authorities use the EU Cohesion Policy more actively for overcoming rural disadvantages related to their lower accessibility and connectivity, and less for nurturing unique and diverse local assets.

The degree to which the EU Cohesion Policy supports research and innovation, and therefore economic diversification in rural areas, is rather limited.



Throughout the EU, the rural population has a higher percentage of self-reported, unmet healthcare needs. In the context of the outbreak of the COVID-19 pandemic, rural areas are in a unique position. While geographical remoteness has played a role in the lower number of cases in many of these regions, the lack of access to healthcare facilities and the higher share of elderly populations mean these areas can be especially vulnerable to an outbreak.

€12 billion of Cohesion Policy funds have been invested into healthcare in 2014-20. Only 6.9% (€879 million) of these are explicitly targeting rural areas, compared to 40.9% (€5.2 billion) going to urban areas.

The Policy Objectives of 2021-27 are able to address rural challenges, but thematic concentration requirements could result in rural areas being disadvantaged. The territorial focus on urban areas is likely to increase, without any equivalent plans for rural areas.

The study

This study looks at the role of the EU Cohesion Policy in non-urban (rural) areas. It analyses the challenges of these areas and discusses the extent and thematic orientation of rural Cohesion Policy funding.



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Policy fundamentals of the revised Commission Multiannual Financial Framework (MFF) proposal and the Recovery Instrument supporting a strengthening of the green transition and mainstreaming climate action in policies and programmes, could be a positive element for rural areas due to their environmental assets.

The territorial dimension of the Next Generation EU (EU's new recovery plan) is rather limited (€750 billion) and its allocation method could disadvantage rural areas.

Conclusions and policy recommendations

Rural areas face social, structural and geographical challenges, albeit to a different extent.

The EU Cohesion Policy provides a long-term and dependable financial framework for rural areas, while at the same time allowing flexibility for Member States and regions to tailor their spending in accordance with the specific characteristics of rural areas. Yet, it appears that the wider structural and socio-economic challenges in rural areas are not adequately addressed.

EU Cohesion Policy funding allocation to rural areas is only approximately a quarter of that of urban areas, but it ranges from no explicit rural funding in some Member States to over 30% in others.

Policy coherence of Cohesion Policy with the EU's Rural Development Policy, which is an important source of funding in many countries, is challenging.

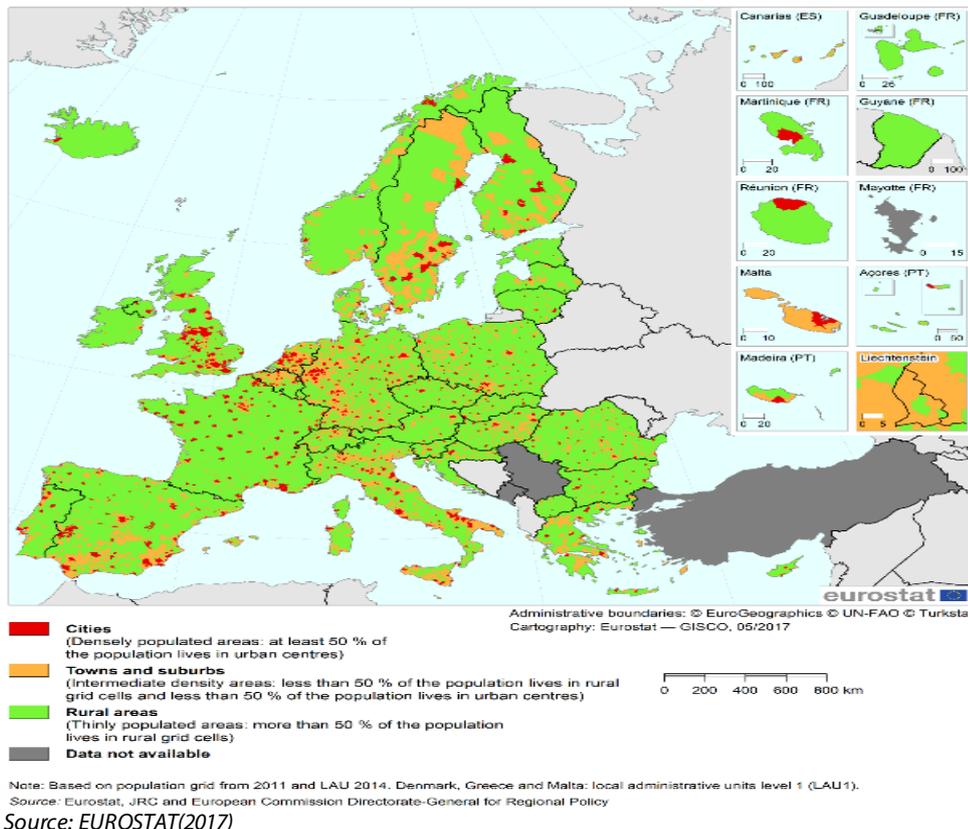
The EU Cohesion Policy plays an important role in funding healthcare infrastructure and services, but the amount going into rural areas is seemingly very limited. The role of Cohesion Policy funding as part of the COVID-19 response in rural areas is as yet unclear.

Looking at the EU Cohesion Policy post-2020, the future Policy Objectives allow addressing rural challenges, but thematic concentration requirements and territorial trends could result in rural areas being disadvantaged.

Key areas for EU action

1. The wider structural and socio-economic challenges in rural areas to be more adequately addressed.
2. The focus on nonurban areas needs to be improved in some Member States.
3. Developing better opportunities for complementarity between the Common Agricultural Policy and Cohesion Policy Focus on non-urban areas.
4. Enhanced support in healthcare needs in rural areas.

Degree of urbanisation for local administrative units level 2



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The present note is based on the study *EU Cohesion Policy in non-urban areas.*, authored by: EPRC: Stefan KAH, Neli GEORGIEVA, Liliana FONSECA

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Contact: Poldep-cohesion@ep.europa.eu; Further information: www.research4committees.blog/reqi_ Follow us: @PolicyREGI

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