

Marjorie JOUEN
Jacques Delors Institute
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Rural Semester as a tool to deliver a truly holistic policy for rural areas

This paper has benefitted from inputs and reflections of Marion Eckardt, Maria José Murciano-Sanchez, Michael Schmitz, Francesco Mantino, Hans Martin Lorenzen, expressing themselves on their personal capacity

Preliminary considerations

The European Semester was institutionalized and implemented since 2011. It reflects a new step in the coordination of the national policies as it includes the structural reforms (Europe 2020 Strategy), the budgetary reforms (Growth and Stability Pact) and the prevention of major macro-economic imbalances. The mechanism is based on the review of national reform programmes, with specific national recommendations elaborated by the European Commission. Over the years, it has become a powerful instrument of coordination.

This process stems from the original idea of the Open Method of Coordination (OMC) developed in the 2000s, which aimed at increasing socio-economic convergence in the field of sectoral policies that are neither common policies (such as trade or agriculture), nor framed by the Single Market regulations. It also tried to complement the impact of the spending associated with Cohesion policy.

The OMC initially focused on employment and education/training policies based on the setting of quantitative targets. The scope was progressively enlarged and enriched with the development of the Lisbon and Goteborg Strategies, i.e. innovation / R-D policies, environmental / carbon emissions / energy policies.

The 2014-2020 regulation for the European Structural and Investment Funds specifies that they contribute to the EU 2020 Strategy which covers 5 domains and associated targets in employment, education, social inclusion, innovation, and climate/energy consumption. These are indirectly monitored through the Semester process with specific annual reports. As regards EAGF, the link with the EU 2020 Strategy was not as clearly stated.

1 - What do we mean by Rural Semester?

The proposal consists in engaging with the existing Semester and ensuring that the full range of rural concerns – environmental, social, economic, digital, educational ... - are reflected in it. In 2020, following the COVID-crisis and the need to give concrete substance to the Green Deal, the process of the European Semester has been substantially changed and merged with the submission and approval of the National Recovery and Resilience Plans. Social and territorial cohesion is one of the six targets that make the thematic concentration of the Recovery and Resilience Facility. The targets of the EU Green Deal and Digital Europe Strategy are earmarked at 37 and 20% whereas there is no earmarking foreseen for cohesion. It is time to question whether rural targets could also be included or integrated.

Even if the option consisting in implementing a separate mechanism may be attractive, past experiences have shown that separate mechanisms regularly lead to silos. Hence, there is a good possibility that a rural semester outside the general process might limit the units and DGs involved in the process.

Therefore, an integrated semester process taking into account the issue of territorial cohesion as such, in our case for less densely populated areas, under a separate heading will be most

promising. The specific targets related to rural areas and policies associated should be detailed, having in mind that these new elements should be easily applicable and create added value.

The Rural Semester differs from the rural proofing, as it aims at increasing EU cohesion as a whole and does not focus on the new regulations and their impacts on specific areas, or on reducing gaps between different types of areas.

2 – What is the *rationale* for a Rural Semester? Why does the EU need it?

In the current context of climate change, global warming and threat to biodiversity, rural areas constitute the basis of our resilience, collectively and individually. They shelter resources that will become more and more precious, such as land, water, and energy. The COVID-crisis put emphasis on the invaluable need for all of us to rely on structured and healthy local communities, together with well-functioning public services, framed by an efficient welfare State and democratic (multi-level) institutions.

While largely discussed in European arenas since 1986, few Member States implement truly rural development policies. Most of the time, they focus on spending European funds, ERDF, ESF, Cohesion Fund or EAFRD in rural areas, but not on designing specific measures or regulations for people, enterprises or services fit for low-density places. This situation has to be changed.

First, the European Structural and Investment Funds are part in the European Semester process, but agricultural policy is not, neither are the policies that are implemented in rural areas. The funds dedicated to rural areas and rural actors should be raised to the same level as the others.

In addition, to boost the development of public policies in favour of rural areas at EU, national and regional levels, the Rural Semester could be used to introduce some kind of conditionality for the allocation of European funds or facilitate the use of funds (ERDF, ESF+, EAFRD, CF, JTF and others) to specifically address local and rural challenges. One of the objectives should be to increase the knowledge of the geographical distribution of rural funds and to raise awareness about how rural territories benefit from EU policies, all of them and not only the EAFRD. This could be the first step towards effective proofing, starting with a stocktaking of the extent to which the programmes being developed for the next period take into account rural concerns.

This might also be a way to set up or to reinforce coordination between national and sectoral policies to contribute to the Territorial Agenda 2030 as regards rural and urban areas. It might also be a tool for earmarking or ringfencing public spending (mostly EU, but maybe national or regional programmes) for rural areas. This would require the identification of physical-geographical criteria, or building on existing national criteria (given that rural areas differ vastly between Member States), and a set of socio-economic-demographic-environmental ... indicators of fragility and / or relevant challenges related to a desirable vision of rural areas in Europe.

3 - What type of convergence/coordination do we really need at EU level as regards rural areas? Is the CAP not sufficient?

The Common Agricultural Policy (CAP) is mostly focused on the agricultural aspects of rural areas. The 1st pillar aims to achieve the convergence of farmers' revenues, their methods of production and the quantity/quality of their products. However, important subjects and fields are still not covered sufficiently, even by the 2nd pillar, for example, such as the size of the

farms (big is far from being beautiful from a rural development point of view), the eco-system services delivered by certain kinds of farming (landscape, biodiversity), the organization of public services to the population and the challenges in funding public infrastructure, the shape of human settlements as a consequence of the type of farming, ...

Anyway, rural life cannot be limited to farming, although this activity and its eco-compatibility are crucial to provide food safety and quality, as well as to maintain the landscape, to exploit the forests and to preserve biodiversity. To take another example, in practice, there is no better demographic policy than one which offers opportunities (jobs, broadband connection, culture ...) to those who want to live in rural places.

The lack of integration between the different EU funds (mainly ESIF) is considered as one of the reasons for the inability to implement tailor-made policies for less-populated areas and, hence, to close the development gap between the rural (i.e. suffering from depopulation and/or demographic decline, remoteness, lack of economic dynamism ...) and urban areas (i.e. which are supposed to be innovative, resilient, dynamic places). However, even if the funds were fully integrated, this would not necessarily lead to targeted funding which addresses the challenges of local communities in rural areas. If we look at mobility, the major challenge in rural areas is a matter of interdependency with other places; funding should be available to rural areas as much as it is to urban areas. Moreover, smaller beneficiaries in rural areas (who often do not have the staff or the expertise) should have the same access to funding as bigger beneficiaries (that often run departments that only deal with funding) have.

Rural territories need cross-cutting development policies that respond to the real needs of the local population. The Local Action Groups (LAGs) of LEADER have much contributed to achieve this goal. More generally, there are a lot of situations and cases where policy coordination is a rural practice implemented by local actors. The Rural Semester can be an opportunity to make visible those situations where coordination works, the factors enabling it to work and the opportunities, impacts and obstacles to further developments. It can highlight the successes and drawbacks of national policies already in place and contribute to their improvement. It can offer the possibility for other Member States to design their own policies on the basis of benchmarking.

4 - What could be the content of the Rural Semester? What national or regional policies may be submitted to an EU coordination mechanism?

In most cases, the scope of existing rural development policies is narrower than the wide range of ordinary sectoral policies that are implemented in rural areas all over the EU. Thus, the reviewed regulations should not be limited to those initiated by the Ministers of agriculture or in charge of rural/territorial/regional development.

Moreover, while the *ex ante* impact assessment of new sectoral regulation may be a method for improving the content of national policies and sometimes compensate internally for the lack of rural development policies, this tool does not contribute to the achievement of convergence at EU level. The Rural Semester should include a comparative component.

One way forward may be to focus on policies providing well-being in rural areas, considering that other policies (notably employment, education, innovation, SMEs, ...) are already covered by other coordination mechanisms. This implies going further than the ESI Funds and the take-up of the CAP by the national governments, and including all the relevant national policies that address the objective of sustainable development of rural areas (like the National Strategy for Inner Areas in Italy or the National Strategy for depopulated territories in Spain) that may jointly operate with different EU instruments.

The multi-level governance issue should, in any case, be addressed via a) the cooperation between the different levels in order to achieve better results on the ground, b) the involvement of stakeholders. This means that the Rural Semester should probably be backed-up by a European Rural Platform, and national and/or regional partnership dialogues.

The process should be based on the definition of specific targets, measures and indicators adapted to the rural context, i.e. sparsely populated areas and/or remote places. In particular, the following domains should be covered: diversified economy including services and industry, quality and sustainable food production (Farm to fork), innovation and digitalization, well-being via access to public services (transport, healthcare, education, broadband, housing).

Guidelines should take into account criteria, incentives, co-funding rates, fit for small entities. EU instruments should be implemented in a more flexible manner, in particular in order to take into account the characteristics and diversity of rural areas, in accordance with the LTVRA (long term vision for rural areas). Cooperation and sometimes complementarity between rural and urban areas should be included as well. Participative democracy should also be enhanced, acknowledging that voice and engagement of citizens contribute to increase the effectiveness of policies and measures.

5 – To what extent can the “long term vision for rural areas” (LTVRA) and the creation of an Observatory (data collection) prepare the ground for a Rural Semester?

The LTVRA provides a comprehensive picture of the diversity of rural situations and futures in Europe. To become a reality, it will have to rely on a large set of tools and mechanisms, that will deliver concrete actions. The Rural Semester may be one of these as other past coordination mechanisms (for example, those for social inclusion) have shown their ability to raise awareness and to create a basis for new policy developments.

Genuine rural data, provided by the possible creation of the EU rural observatory, is crucial to assess the level of fragility, weakness, decline and the opportunities of places, the possible targets to be achieved and to better identify successful/effective policies. It also makes it possible to capture the “value” of rural areas.

This data would also make the total amount of financial resources visible - EU (EAFRD and the ESIF, as well as Horizon 2020, ICE, JTF ...), national or regional funds -, and their distribution to rural areas in comparison with other areas, weighted by inhabitants as well as by square-kilometres. Such data constitutes a prerequisite for developing accurate measures.

As regards a possible agenda for the Rural Semester, it may be realistic to launch the process by 2022 or 2023, if the proposal is supported by the Ministers in charge of rural areas (gathered for an informal ministerial meeting), the EP, and the other EU institutions. The first step might be, both, to agree on the 3 or 4 targets that illustrate the concept of well-being in rural areas (e.g. access to public services in less than XX minutes, percentage of population connected to broadband infrastructures, availability of varied jobs opportunities) and to establish a benchmark for national policies for rural areas on the basis of 5-6 Member States' practices (e.g. IT, ES, S, FR, FIN, IRL, AT ...)