

## Smart Small Communities ('smart villages') dedicated Article

### 1. Purpose of the legislative Article on smart small communities ('smart villages')

'Article 7X' elaborates point 1(c) of Article 74 on *territorial and local cooperation initiatives*: “*smart-village strategies*”. It reinforces a coherent, integrated cohesion policy instrument within the future NRPPs that **gives depopulating small communities (under 10,000 inhabitants) a last and realistic chance to shape their future**. Article 7X complements existing territorial tools while expanding coverage to small rural and small-town communities that have been neglected, to have better access to cohesion policy support.

By funding the preparation and implementation of **needs-based, multi-annual and locally-led community strategies and innovative local solutions**, it strengthens local capacity and long-term sustainability and resilience of rural communities. In doing so, it directly responds to the Long-Term Vision for Rural Areas, the Rural Pact and cohesion objectives, upholding the **right to stay** in rural areas.

### 2. Why the Smart Small Communities Article is needed

- Many small communities are too small, under-resourced and have difficulties to access mainstream cohesion policy instruments.
- Article 7X reinforces 'smart villages' as a tool that ensures that EU cohesion policy reaches all places, securing the right to stay and leaving no one behind.
- Fragmented, project-by-project funding is insufficient. Article 7X enables integrated, multi-sectoral strategies combining digital, social, green and service innovations at the local level.
- Smart small community strategies are aligned with LEADER / CLLD (Article 74), regional and national strategies, reinforcing integrated territorial development and multi-level governance.
- The Article allows multi-annual lump sums and simplified cost options, reducing administrative barriers for small municipalities.
- Payments are tied to milestones and monitoring, ensuring accountability without disproportionate burden.
- Local authorities or local community partnerships can act as beneficiaries, respecting separation of functions.

### 3. Complementarity with LEADER

	Smart small communities (Article 7X)	LEADER (Article 77)
<b>MFf context</b>	Integrated within the wider NRPP (as part of cohesion policy)	Currently part of CAP chapter
<b>Funding logic</b>	Multi-annual lumpsum for smart village strategy implementation	Project-based grants based on Local Development Strategy of LAG
<b>Place-based</b>	Local community-based	LAG territory (micro-region)
<b>Strategy</b>	Simplified, integrated, local, multi-annual <b>community plan or strategy</b>	Integrated Local Development Strategy covering LAG territory
<b>Governance</b>	Local authority or local municipality partnership	Local Action Group (public-private-civil society LAG board)
<b>Beneficiary</b>	Local authority (rural/ suburban with < 10 000 inhabitants) or municipality partnership, or cooperation of these	LAG and project applicants in LAG area
<b>Innovation</b>	Strong focus on social and technological innovation	Innovation is one of the principles
<b>Cooperation</b>	Cooperation & knowledge exchange among communities / local alliances	LAGs may cooperate with other LAGs / areas
<b>Networking</b>	(Smart) Village Network(s)	LEADER Networks/ CAP Networks

**Article 7X**

**Support under Smart Small Communities ('Smart Villages')**

1. Support under this Article shall promote the integrated development and implementation of smart small community ("smart village") strategies, contributing to the sustainable, digital, social and environmental transformation of small rural and suburban/town communities. The financial allocation to smart small communities ('smart villages') as referred to under this Article shall be 5% of the Union contribution set out by the Member State in the NRP Plan.
2. **For the purposes of this Regulation, smart small communities ("smart villages") are communities (LAU or sub-municipal entities within LAU classified as rural or suburban/town according to DEGURBA) of less than 10,000 inhabitants that implement local innovation concepts, plans or strategies and innovative solutions to improve their resilience, building on local strengths and opportunities.**
3. Support for smart small communities shall:
  - (a) be based on **integrated and place-based visions, concept, plans or strategies**, developed through partnerships between local authorities, community organisations, enterprises, and other local stakeholders;
  - (b) ensure **synergies** with strategies at local (including LEADER/CLLD), regional and national levels including local rural pacts;
  - (c) encourage **innovation and cooperation**, including inter-territorial and transnational networking with other smart communities and local development initiatives supported under Article 74;
  - (d) promote **inclusive participation**, ensuring the engagement of citizens, youth, and under-represented groups in local decision-making;
  - (e) foster **digital and social innovation**, the green transition, circular economy and improved provision of local services.
4. Smart small community concepts, plans or strategies shall define:
  - (a) the LAU or sub-municipal entity covered;
  - (b) an analysis of local needs, strengths and innovation potential;
  - (c) key objectives, measurable targets and indicators;
  - (d) the arrangements for local governance and stakeholder participation;
  - (e) the indicative multi-annual budget.
5. Support may cover:
  - (a) preparatory, capacity-building and animation actions, including the development or updating of local strategies and the improvement of digital, entrepreneurial and organisational skills;
  - (b) implementation of smart small community strategies and projects deriving from them;
  - (c) networking, cooperation and knowledge-exchange activities at local, regional, national or Union level;

- (d) monitoring, evaluation and communication of smart small community strategies and the Union contribution to their implementation.
6. Member States shall ensure that:
- (a) transparent and objective selection procedures are established for smart small community strategies;
  - (b) support for multi-annual local strategies is coordinated across relevant Union funds and instruments enabling integrated multi-fund financing;
  - (c) local authorities or smart small community partnerships may act as beneficiaries, provided that the principle of separation of functions is respected;
  - (d) smart small community initiatives contribute to one or more of the specific objectives set out in Article 3;
  - (e) multi-annual support is conditional on satisfactory progress demonstrated through monitoring reports and agreed milestones.
7. The use of simplified cost options shall be encouraged for operations under this Article. Support may be granted in the form of **multi-annual lump sums**, linked to the approved implementation period of the approved smart small community strategy. Preparatory and pilot actions may be supported through lump sums of up to EUR 50 000 (including community strategy development). Implementation of strategies may be supported through lump sums of up to EUR 100 000 per year, for a duration not exceeding five years, based on objective and non-discriminatory criteria defined by Member States.