

Proposal by the Smart Village Network Services for strengthening support for rural communities

under the EU Regulation establishing the European Economic, Territorial, Social, Rural and Maritime Sustainable Prosperity and Security Fund (2028-2034)

*Current EU policies are not sufficiently supporting **the right of 137 million rural citizens – 30 % of the EU's population – to stay and thrive where they live.** The lack of targeted financial support from the EU and a clear focus of its innovation agenda risks the collapse of EU rural areas and communities. **The post-2027 EU budget, including the Multiannual Financial Framework (MFF) and the European Competitiveness Fund (ECF), must reverse this.** In particular, it should earmark at least 30 % of the MFF Fund for rural communities beyond agriculture, introduce effective territorial targeting, and support smart small communities as local innovation hubs.*

Rural Development is Central to the EU's Cohesion Policy

Rural development is a **multidimensional territorial and cohesion priority**. Rural areas cover 83 % of the EU's territory and face persistent challenges that often make them lag behind urban regions. Yet they offer strategic opportunities as key stewards of ecosystems and providers of essential environmental services that are key to climate adaptation and resilience. Decentralised, sustainable local systems and place-based approaches are vital for social cohesion, long-term food and geopolitical security.

These issues are best addressed through multi-level governance and strong urban–rural partnerships. Tackling them within an **integrated EU policy framework and a coordinated funding approach** through National and Regional Partnership (NRP) Plans is therefore both strategically sound and justified.

A New Regulation without Guarantees for the Communities Most in Need

While 30 % of the EU's population lives in rural areas, rural citizens and communities continue to face structural disadvantages in funding access and political visibility. Experience shows that **when no explicit EU-level requirements exist, Member States deprioritise rural development objectives in favour of stronger sectoral (agricultural) or urban interests.** The result is persistent depopulation, declining services and, increasingly, euroscepticism among rural citizens, as warned by rural representatives¹.

Support for rural development beyond farming has been limited and understated:

- While 11,2 % of the workforce in predominantly rural areas was employed in agriculture, forestry and fishing (2021); during 2014–2020, more than 50 % of the **European Agricultural Fund for Rural Development (EAFRD – CAP Pillar II)** supported agriculture-related measures², while only **less than 10 % clearly targeted broader rural development goals**³.
- Proven initiatives such as **CLLD/LEADER** and **Smart Villages** remain **chronically underfunded**, despite the fact that they have demonstrated that community-led, participatory innovation can deliver high impact if local actors are empowered and resourced.
- Only **18 % of European Structural and Investment Funds (ESIF) projects could be geographically localised**, obscuring where cohesion money actually goes⁴. Territorial tagging by NUTS regions does not tell enough on rural development support, as regions mix urban and rural zones and hide crucial intra-regional disparities⁵.

¹ See 2025 Declaration of the European Rural Parliament that calls for more “recognition, support and genuine partnership”.

² Pillar I payments already constitute more than 75% of CAP payments (EAGF), compared to Pillar 2 (EAFRD).

³ Other measures are targeting both areas, without. ÖIR, CCRI, ADE (2024). Study on Funding for EU rural areas (Final Report)

⁴ The situation is expected to be similar in 2021-2027 (79% of cohesion policy funding not territorially tagged). ÖIR et al (2024)

⁵ Study (N. Redeker t al. (June 2024): Fixing Cohesion How to Refocus Regional Policies in the EU) shows that cohesion spending tends to support ‘places that are not particularly needy’, rather than reducing regional and social inequalities.

The draft MFF Regulation risks reinforcing this imbalance. While the new single fund structure could in theory enable a more holistic territorial approach, the absence of dedicated funding for rural and community-led development may instead further marginalise small rural communities. This raises a critical question for the next programming period:

How can EU policies ensure that rural needs receive sufficient attention and EU funding more effectively support rural communities?

Making Rural Support Visible, Measurable and Transformative

As called for in the RPCG Declaration⁶, the post-2027 MFF must include mandatory earmarking for rural areas beyond agricultural support - at least 30 % of the Fund for 30 % of EU citizens.

Earmarking alone, however, is insufficient without more granular tracking and understanding of where money goes. Spending should be territorially targeted, as much as possible at the local (LAU or sub-municipal) level⁷. The Regulation should include a methodological annex⁸ clearly defining what constitutes rural spending and requiring monitoring, without creating substantial administrative burden.

Rural areas and communities should benefit through three complementary mechanisms under the new MFF Regulation:

1. **Dedicated rural interventions and measures** – including infrastructure, services, accessibility, renewable energy, entrepreneurship, innovation, cooperation, social cohesion — implemented via regional or national calls targeted also at rural communities and citizens (as beneficiaries and/or final recipients).
2. Community-Led Local Development (CLLD) through **LEADER** within the CAP Chapter, with a guaranteed minimum allocation⁹.
3. **Smart Small Communities ('Smart Villages')**¹⁰ in NRP Plans to support the right to stay, targeting the smallest and most disadvantaged communities (typically below 5,000, but below 10 000 inhabitants). Strengthening Article 74 (*territorial and local cooperation initiatives*) with a dedicated article and mandatory earmarking (min. 5 % of funds).

Supporting Smart Small Communities beyond the main funding framework

Beyond the mainstream support through the future Fund, Smart Small Communities ('Smart Villages') should also be supported in an experimental and coordinated way at the European level. The outcomes of the EU's Preparatory Actions on Smart Rural Areas (2020-2022 and 2021-2024), highlighted a **strong need for innovation and scaling up of the SV approach through coordinated support and EU-wide networking**.

Within the forthcoming **European Competitiveness Fund (ECF)**, Smart Small Communities offer ideal testbeds for deploying and scaling rural innovation - from circular bioeconomy and renewable energy to digital services, mobility and tele-health, etc. **Their small scale and strong civic engagement make them efficient "living labs"** for experimentation and replication across Europe. Integrating this initiative under the ECF would embed rural territories within the EU's innovation and competitiveness agenda, ensuring that technological and social innovation are territorially inclusive and that Europe's competitiveness strengthens its smallest communities.

⁶ RPCG Declaration: https://ruralpact.rural-vision.europa.eu/publications/rural-pact-coordination-group-rpcg-declaration-future-rural-areas-and-rural_en. Position Paper is upcoming.

⁷ Local Administrative Unit taking into account DEGURBA (rural) classification.

⁸ See upcoming Methodological Annex proposal of RPCG.

⁹ See ELARD proposal expected to be endorsed by RPCG.

¹⁰ See SVNS proposal expected to be endorsed by RPCG.