

1 **Rural Policy in the 2028-2034 EU Budget: Reform or Retreat? A rural-proofing** 2 **analysis**

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16 **Abstract**

17 The proposed EU Multiannual Financial Framework (2028–2034) reshapes rural development by
18 consolidating instruments into a Single Fund and recentralising strategic decisions at national level.
19 Although presented as simplification, the reform risks reinforcing existing biases toward urban,
20 high-productivity regions. Drawing on rural proofing concepts, EU comparative analyses, and
21 fine-grained Italian municipal data, the article shows that 2014–2020 Cohesion Policy allocated only
22 a limited share of resources to rural areas, while the EAFRD remained the main-though uneven-
23 source of support. The reform also gives rise to concerns about resources and institutional
24 responsibilities for broader rural measures, including diversification, infrastructure, services, and
25 funding for LEADER and cooperation initiatives. Key recommendations include: (i) a mandatory

26 rural chapter in NRPPs; (ii) explicit rural safeguards in Single Fund rules; (iii) clearer rural typologies
27 and better data systems; (iv) stronger multi-level governance with real local participation; and (v)
28 dedicated resources for capacity-building and co-design.

29

30 **1. Introduction: The Multi-annual Financial Framework (MFF) for 2028-2034. The** 31 **European Commission's proposal**

32 The European Commission's Communication¹ on the MFF 2028–2034 (EC, 2025a) was presented in
33 July 2025 and immediately sparked a controversial debate. The main components of the proposal are
34 as follows:

- 35 a) The new budget architecture shifts from separate budgets for each fund to a system where only
36 a few interventions are ring-fenced. The total budget is €1,985 billion, with the largest share
37 allocated to “Economic, Social and Territorial Cohesion, Agriculture, Rural and Maritime
38 Prosperity and Security” (€1,062 billion, 53%). The MFF removes the current two-pillar
39 structure: most agricultural interventions will be financed through a ring-fenced €294 billion,
40 while only some measures—such as LEADER, territorial and local cooperation initiatives, and
41 support for knowledge sharing and innovation—will be funded as mandatory measures from
42 the non-ring-fenced amount. This means most CAP interventions will be ring-fenced.
- 43 b) The MFF proposal introduces a 25% flexibility margin within each NRP plan to enable Member
44 States to address crises during the programming period, revise priorities at the time of the mid-
45 term review, or provide additional resources to existing measures. In the context of the recent
46 EU-Mercosur agreement, the Commission has proposed that Member States can allocate, as
47 early as 2028, part of this flexibility margin (approximately €45 billion) within their NRP plans

¹ The Communication and related documents can be downloaded from the following site:
https://commission.europa.eu/publications/multiannual-financial-framework_en

48 to provide additional resources -beyond the €294 billion already ring-fenced- for either CAP
49 income support measures or investment in rural areas.

50 c) Another important share of the EU budget is allocated to a broad “economic, territorial and
51 social cohesion, including rural communities and tourism” envelope, which also covers the
52 aforementioned rural development measures (LEADER, etc.) outside the CAP ring-fenced
53 envelope. This broad set of interventions can be programmed by Member States with more
54 flexibility than in the past, subject to a minimum earmarking for less developed regions and
55 minimum targets for social (14%) and environmental and climate objectives (43%).

56 d) All measures will be financed through a single multi-purpose fund: the European Fund for
57 Economic, Social and Territorial Cohesion, Agriculture and Rural, Fisheries and Maritime
58 Prosperity and Security. This Single Fund merges previous instruments and will be distributed
59 via nationally pre-allocated envelopes under shared management between the Commission and
60 Member States. According to the proposed common Regulation, the fund will pursue multiple
61 objectives, from reducing regional imbalances and supporting employment to implementing
62 CAP and fisheries policy, as well as strengthening EU defence and security.

63 e) Resources will be disbursed following the approval of a National and Regional Partnership Plan
64 (NRPP) prepared by each Member State. The NRPP will define priorities, investments, and
65 interventions based on national and regional challenges. The single-fund structure aims to
66 provide “a simpler and more flexible policy framework that enhances synergies and
67 complementarities across sectors” (EC, 2025).

68 f) Another relevant innovation concerns the new financing model, largely inspired by the
69 Recovery and Resilience Facility (RRF), under which most EU payments to Member States
70 will depend on the fulfilment of predefined milestones and targets for reforms and investments,
71 rather than on the current reimbursement of eligible expenditure incurred.

72 g) Among management rules, it is worth mentioning that the proposal introduces an n+1
73 decommitment rule, which could represent a tightening compared to the current rules in

74 cohesion policy, home affairs and rural development, where n+2 or n+3 rules apply and allow
75 implementation for two or three years after the EU funds are committed, without the Member
76 State losing those funds.

77 h) The MFF proposal has been accompanied by draft regulations² for the NRP, ERDF, Cohesion
78 Fund, CAP, and ESF. The regulation establishing the Single Fund significantly narrows the
79 scope of CAP-eligible measures, removing support for rural diversification into
80 non-agricultural activities as well as for infrastructure and essential services for rural
81 populations. The underlying assumption is that these types of interventions will be addressed
82 by non-CAP instruments, managed by non-agricultural administrations, within a broader
83 framework of policy integration and coordination.

84 The initial proposal faced strong opposition from the European Parliament and the Committee of the
85 Regions over rural priorities and limited regional involvement, prompting revisions reflected in the
86 EU Presidency's draft Negotiating Box for Heading 1 (European Council, 2025). Several elements
87 of criticism have been raised in recent documents of the European Court of Auditors (ECA, 2026).
88 European Commission President Ursula von der Leyen has sent a letter to European Parliament and
89 European Council's president outlining adjustments to the proposed MFF, proposing that at least 10%
90 of national allocations (after deducting the minimum ring-fenced amount for the CAP) be earmarked
91 for rural objectives³ and ensuring mechanisms for a stronger regional role in multi-level governance.
92 However, implications for rural areas still require detailed analysis, particularly regarding policy
93 effectiveness and institutional efficiency.

94 Key concepts underpinning Rural Proofing (RP) methodologies can support our analysis. RP
95 approaches stress that policy design must rely on existing data on rural dynamics, including
96 socioeconomic indicators, service provision levels, territorial disparities, and past public investment

² The whole set of draft Regulations can be downloaded from the following site:

https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/eu-budget-2028-2034_en

³ This target should be monitored, by summing expenditure taking place in regions coded 02 as rural regions.

97 patterns. OECD (2024) highlights that RP requires evidence-based decision-making grounded in
98 available data. EU RP frameworks link the process to Territorial Impact Assessment tools (CoR,
99 2022), which use quantitative territorial data—often including historical indicators and past funding
100 where relevant. Some national guidelines explicitly require assessing funding allocations. UK
101 guidance (DEFRA, 2022) states that RP must examine financial allocations and past fund distribution
102 to ensure that “funding formulae reflect needs in rural areas.” This necessarily involves reviewing
103 how funds were previously distributed across territories⁴.

104 Based on these concepts, this article aims to address the following questions:

- 105 1. To what extent have the past ERDF and ESF fund allocations prioritized rural areas, compared
106 to EAFRD? Section 2 will analyse EU 2014-21 allocation choices, based on studies across EU
107 countries and a specific study on the Italian case which can offer data availability of the funds’
108 distribution at the granular level.
- 109 2. In light of the evidence on past fund allocation between urban and rural areas, and the most
110 recent experience with rural development implementation at the national level, what can be said
111 about rural development prospects after 2027? Section 3 discusses this issue.
- 112 3. What policy recommendations can improve the proposed MFF approach? These considerations
113 will be developed in the final section.

114

115 **2. Assessing the Rural Focus of ERDF, ESF and EAFRD: Evidence and Analysis**

116 **2.1 The territorial allocation of funds in Europe**

117 Assessing how much Cohesion Policy funding reaches rural areas is essential for evaluating territorial
118 priorities and is a core element of rural-proofing. At EU level, only two cross-country studies provide
119 sufficient evidence: Kah, Georgieva and Fonseca (EP-REGI, 2020) and Münch et al. (DG AGRI,

⁴ One key issue raised by the UK guideline is about “Distribution, equality, devolution and funding”, with a related question to be answered by rural proofers on “Is an equitable proportion of your funding programme going to rural Areas?” (DEFRA, 2022, p. 8).

120 2024). Results differ because “rural” is defined in different ways. The EP study uses DEGURBA and
 121 examines programme-level allocations, reflecting planned rather than actual spending. The EC study
 122 classifies NUTS3 regions as rural, but this masks internal heterogeneity. These methodological
 123 differences explain divergent estimates: about 10% in the EP study versus 19–24% in the EC study
 124 (Table 1).

125 **Table 1 – Granularity matters: comparison of results from two cross-European studies on territorial distribution**
 126 **of EU funds**

Study	Reference period	Share of Cohesion policy allocated in rural areas (billion €) (% of total)	Ratio urban/rural allocated funds	% of non-allocated funds	Definition of “rural”
Kah et al., 2020 (EP-REGI Committee Study)	2014-2019	45,6 9.7%	3.74	54.5%	DEGURBA classification (cities; towns and suburbs; rural areas).
Münch et al., 2024 (EC-DG-AGRI study)	2014-2021	35,7 Between 19.5% (ERDF) and 23.7% (Cohesion Fund)	2.90	18.0%	NUTS3 regions classified as “rural” according to EUROSTAT typologies

127 Source: authors’ elaboration.

128 The choice of analysis unit also affects project location identification, especially for large-scale
 129 projects or when territorial codes are missing (Münch et al., 2024). These operational limits lead to
 130 high shares of non-allocable funds, which increase with finer granularity. The EP study reports 54%
 131 of funds as non-allocable, compared to 18% in the EC study using NUTS3 regions. After adjusting
 132 for non-allocable funds, urban areas still receive three to four times more funding than rural territories
 133 (Table 1).

134 Both studies reveal significant differences among EU countries, allowing for three clusters regarding
 135 Cohesion policy:

- 136 a) Countries with strong territorial targeting and a substantial share of funds allocated to rural
 137 areas (around 20–30%), such as Austria, Finland, Sweden, Czechia, and Slovakia;
- 138 b) Countries predominantly targeting urban areas, including the largest Member States (France,
 139 Germany, Italy, Spain) and others like Belgium and the Netherlands;

140 c) Countries with no clear territorial targeting, such as Slovenia, Estonia, Bulgaria, Croatia,
141 Cyprus, and Denmark.

142 These findings suggest that only group a) explicitly prioritise rural areas in their Cohesion
143 programmes, while urban areas dominate actual Cohesion Policy allocations.

144 The EC study also examines Cohesion Policy's contribution to rural regions facing specific
145 constraints-such as islands, mountain areas, regions with persistent demographic decline, very low
146 population density, or extreme remoteness. In 2014–2020, these areas received an estimated €13.4
147 billion annually, mainly from CAP Pillar I (60%) and, to a lesser extent, Pillar II (24%), with only a
148 marginal share from Cohesion funds. Moreover, some authors note that Cohesion Policy's
149 contribution has fluctuated over time. For example, ERDF support for rural areas increased between
150 1993–99 and 2007–13, but it was significantly reduced in 2014–20 (Soldi, 2016).

151

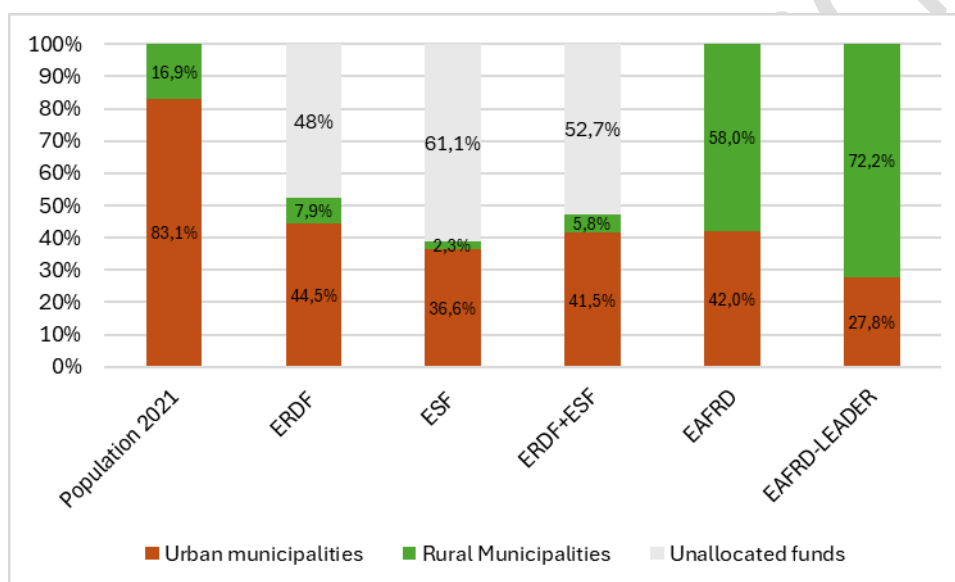
152 2.2 Territorial Distribution of EU Expenditures in Italy: A More Granular Analysis

153 Few studies have examined territorial allocation in Italy. Recent research has analysed financial
154 distribution at the municipal level (LAU), focusing first on EAFRD (Mantino et al., 2024) and later
155 comparing ERDF, ESF, and EAFRD allocations (Mantino et al., 2025). The objectives were twofold:
156 to assess whether Cohesion policies effectively reach rural areas and to explore whether varying
157 intensities of demographic change affect the uptake of Cohesion and rural development policies.
158 Demographic dynamics can influence the performance of rural and urban territories, including their
159 ability to respond proactively to economic and environmental transitions-a relationship widely
160 documented over the past decade.

161 These studies applied the DEGURBA classification of rural and urban areas using LAU-level
162 information. As highlighted in the EP analysis, a substantial share of expenditure appeared in the
163 databases as non-allocable, due to many projects lacking a unique municipal location (e.g. large
164 interventions covering multiple LAUs or crossing regional boundaries). This issue was particularly

165 significant for ERDF and ESF projects, but much less relevant for EAFRD. Non-allocable projects
 166 generally concern large-scale infrastructures and services, which only marginally affect rural areas.
 167 Even after accounting for these funds, the share of ERDF and ESF absorbed by rural areas in Italy
 168 remains lower than the 10% estimated by the EP study for the EU overall (Figure 1): it ranges from
 169 2% for ESF to 8% for ERDF, well below the rural population share (around 17%). By contrast,
 170 EAFRD funding allocated to rural areas is substantial and increases when managed locally by LAGs
 171 under LEADER.

172 **Figure 1- Comparison of EU Funds' commitments in terms of territorial allocation (Italy, 2014-2021)**



173 *Source: Authors' own elaboration from OpenCoesione and regional ranking lists of approved projects*

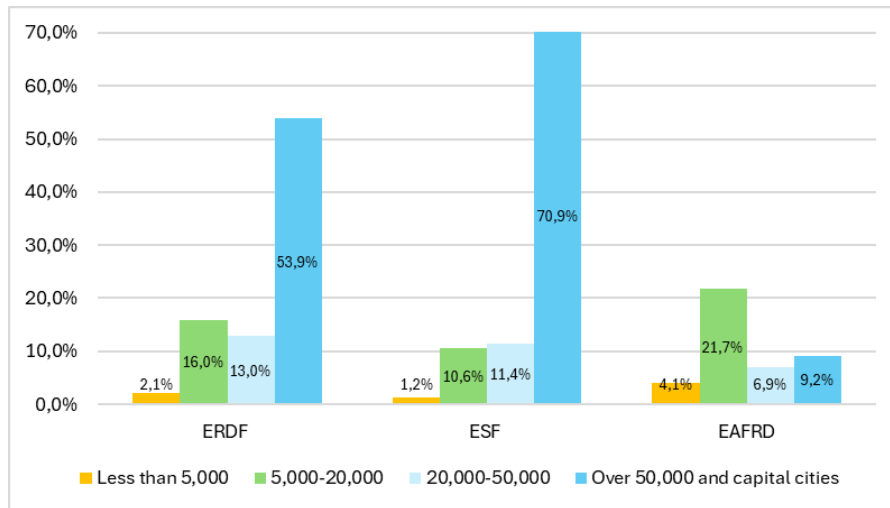
174 It is worth noting that around 42% of EAFRD resources go to urban areas, mainly small towns and
 175 peri-urban municipalities near agricultural zones. By contrast, ERDF and ESF funding is concentrated
 176 in the largest urban centres, which act as key hubs for economic development, innovation and
 177 services, including in less developed regions such as the Mezzogiorno. This pattern reinforces the
 178 asymmetry whereby major cities attract disproportionate investment due to higher institutional
 179 capacity, greater visibility and denser beneficiary networks.
 180

181 Figure 2 illustrates the biased distribution of policies whose stated objective is to reduce intra-
 182 territorial disparities: more than half of ERDF funding and nearly three quarters of ESF funding are

183 allocated to cities with more than 50,000 inhabitants, as well as to regional and provincial capitals.

184 By contrast, the EAFRD mainly supports small urban centres.

185 **Figure 2- Distribution of Funds commitments in urban areas by municipal size (Italy, 2014-2021)**



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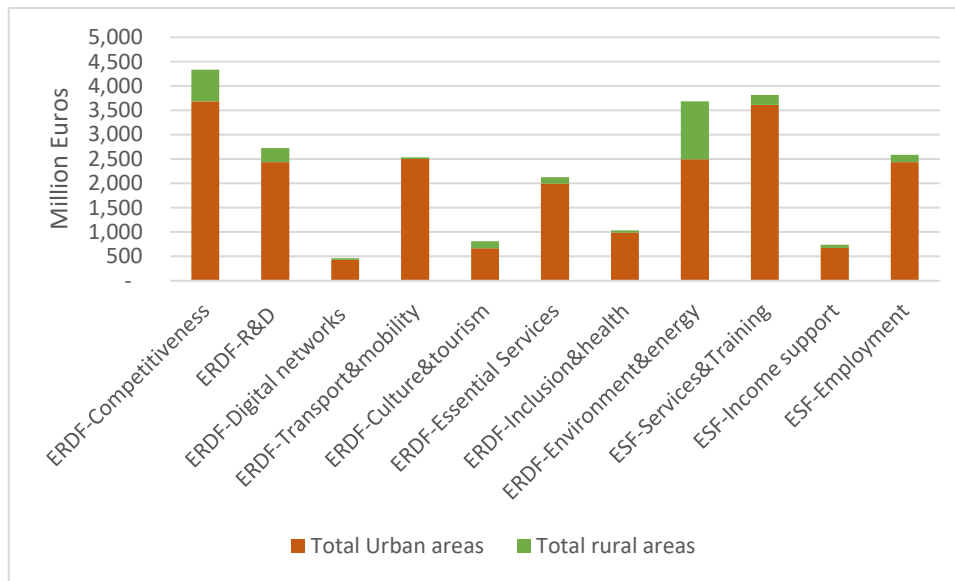
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188

Source: Authors' own elaboration from OpenCoesione and regional ranking lists of approved projects

189 Cohesion Policy plays only a marginal role in supporting rural areas in Italy, with the main exceptions
190 being interventions related to the environment and energy (Figure 3) and, to a lesser extent, measures
191 aimed at enhancing the competitiveness of small and medium-sized enterprises. This result partly
192 confirms the pattern observed at the European level (Kah et al., 2020). Nevertheless, it is noteworthy
193 how little priority Italian authorities assign to rural areas in key policy fields for addressing population
194 decline, such as transport and mobility (ERDF), essential services for residents (ERDF), and
195 employment opportunities (ESF).

196 **Figure 3- Distribution of Cohesion commitments by category of investment and type of areas (Italy, 2014-2021)**



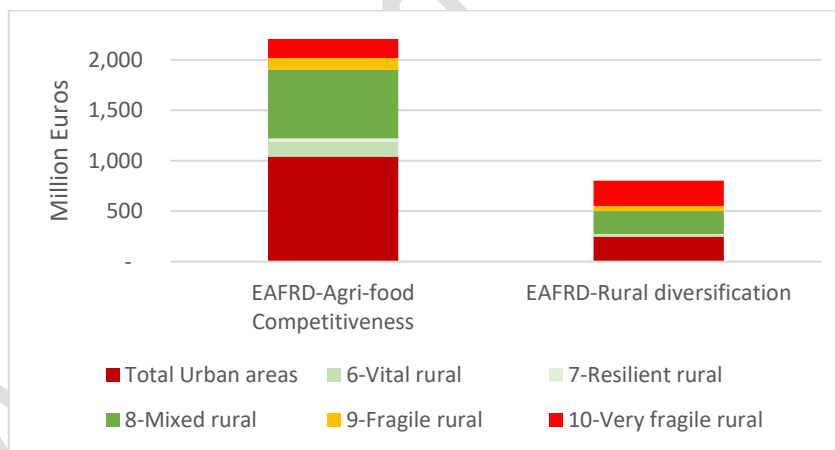
Source: Authors' own elaboration from OpenCoesione and regional ranking lists of approved projects

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198

199 An analysis across urban and rural typologies clearly shows that Cohesion Policy pays little or no
 200 attention to demographically fragile rural areas, whereas the EAFRD allocates 22% of rural
 201 development funding to these areas, with LEADER interventions accounting for around 37% of the
 202 total.

203 **Figure 4- Distribution of EAFRD commitments by category of investment and type of areas (Italy, 2014-2021)**



Source: Authors' own elaboration from OpenCoesione and regional ranking lists of approved projects

204

205

206 Nevertheless, the EAFRD's capacity to target the most fragile areas varies by intervention type
 207 (Figure 4): participation by beneficiaries in fragile areas is substantial in non-sectoral schemes,
 208 covering a wide range of measures linked to rural diversification (e.g. non-agricultural activities,
 209 small-scale services and infrastructure, non-productive investments, forestry). By contrast,
 210 competitiveness-oriented measures are concentrated in urban areas and in resilient or dynamic rural

211 regions. This dichotomy is particularly problematic given the limited role of Cohesion Policy in
212 strengthening rural contexts, as shown above.

213 In conclusion, many needs in rural areas remain unmet by both the EAFRD and Cohesion Policy
214 investments⁵. This is due, first, to the continued focus of Rural Development Programmes on
215 traditional agricultural support instruments; and second, to the weaker capacity of the most fragile
216 rural areas to absorb funding compared with urban areas and with resilient or dynamic rural regions—
217 both for the EAFRD and for the ERDF/ESF. This raises a key question: is the limited territorial focus
218 on rural areas the result of shortcomings in the EU-level policy design, or of weak programme
219 implementation at national and regional levels? Evidence suggests that both levels play a role,
220 although in different ways. Under shared management, the European Commission is responsible for
221 ensuring coherence between national/regional actions and the EU's agreed priorities (EC, 2025b),
222 meaning that responsibility for the quality and orientation of Cohesion programmes is jointly shared
223 with national administrations.

224 Current EU regulations for the ERDF and ESF prioritise thematic objectives—such as innovation,
225 digitalisation, SME competitiveness, employment and social inclusion—rather than specific
226 territorial types. Although the regulations allow rural targeting, they do not require dedicated
227 allocations for rural areas. Evaluations (Munch et al., 2024; Dwyer et al., 2021) show that Structural
228 Fund priorities are not well aligned with rural needs, reflecting structural territorial neutrality in fund
229 design. Alternative policy options therefore need to be explored, given the controversial implications
230 of the new MFF institutional architecture.

231 **3. Discussion: rural development prospects after 2027**

⁵ Similar considerations can be raised regarding the CAP first-pillar instruments, given their distortive effects at the territorial level (Baldi et al., 2025).

232 This section discusses the most significant implications for the future allocation of funds for rural
233 development. Two main types of implications emerge: those concerning the overall volume of
234 resources, and those more generally related to the governance system for NRP plans.

235 Concerns about future resources relate both to the territorial dimension of rural development
236 measures-such as LEADER, local cooperation initiatives, diversification into non-agricultural
237 activities, and rural infrastructure and essential services-and to the potential rural share of the Single
238 Fund outside CAP interventions. For the former, the mandatory inclusion of LEADER and
239 cooperation initiatives within the CAP ensures their presence in future NRPs. However, the volume
240 of resources will depend on how strongly national and regional rural/agricultural authorities favour a
241 sectoral approach. Additional factors may further reduce funding for these measures: pressures from
242 agricultural lobbies supporting direct income payments, and the new n+1 decommitment rule, which
243 shortens implementation timeframes and tends to reward faster, simpler measures over more complex
244 interventions with higher transformative potential (ECA, 2026). This particularly affects
245 LEADER/CLLD and cooperation initiatives, which require longer implementation periods and
246 specific capacity-building support.

247 Within a context of budget constraints and rising competition among national lobbies, another critical
248 issue concerns the share of the Single Fund that may be allocated at national level to rural
249 diversification, infrastructure, and services. Two scenarios appear plausible. In the first,
250 non-agricultural administrations would assume greater responsibility for financing collective rural
251 investments, while CAP structural measures would focus more narrowly on agri-food systems and
252 innovation. Alternatively, the current mix of CAP structural and territorial instruments could be
253 retained, continuing to support both agri-food investments and rural diversification-mainly through
254 LEADER/CLLD-while Cohesion Policy instruments would take on a larger role in funding rural
255 services and infrastructure.

256 Whichever scenario prevails, addressing broader rural needs requires non-agricultural administrations
257 to treat rural areas as territorial priorities, a task for which they are not necessarily inclined or
258 adequately prepared. It also demands the creation of effective coordination mechanisms across
259 interventions and consistent support for LEADER groups as they implement diversified local
260 development strategies. This pathway is demanding, as it depends on institutional capacity and
261 political commitment that remain uneven across EU Member States (Münch et al., 2024), including
262 Italy.

263 A growing body of literature (Rodríguez-Pose, 2025) highlights that Cohesion Policy is increasingly
264 oriented towards high-productivity urban centres, often at the expense of marginalised territories such
265 as intermediate cities, peripheral rural areas, and former industrial regions. This trend is likely to
266 intensify in the next programming period, given the strong emphasis on strengthening the EU's
267 competitiveness—an approach that channels investments into a narrow set of strategic sectors while
268 paying limited attention to territorial disparities or the value of place-based approaches.

269 Regarding governance, the new policy framework reshapes the balance of power within the multilevel
270 system, despite its reassuring rhetoric on the role of regions and local authorities. By placing strong
271 emphasis on simplification and flexibility in defining strategic priorities, it effectively promotes a
272 recentralisation and nationalisation of EU investment programmes. This shift continues a trajectory
273 already evident in the 2021–2027 period with the introduction of National Recovery and Resilience
274 Plans (NRRPs) and CAP Strategic Plans (SPs). Experience with these models has generated
275 substantial criticism, particularly concerning transparency, the lack of a coherent strategic vision
276 (Erjavec et al., 2025), the erosion of regional and local responsibilities in programme design and
277 implementation (Rodríguez-Pose, 2025), and the limited—if not negligible—administrative
278 simplification actually achieved⁶. A “one-size-fits-all” logic has often prevailed more strongly than

⁶ Matthews A. (2025). Fitting the CAP into the next MFF long-term budget, available at: <https://capreform.eu/fitting-the-cap-into-the-next-mff-long-term-budget/>

279 in earlier regionalised approaches, reducing flexibility during implementation and negatively
280 affecting the quality of rural development strategies at local level.

281 The experience of 2021–2027 raises a key question: how can genuine simplification be reconciled
282 with the creation of a single national plan covering Cohesion Policy, the CAP, migration and border
283 management, and climate-related interventions, without sacrificing the level of detail traditionally
284 required in EU Operational Programmes? The first major challenge will be transforming these plans
285 from broad catalogues of measures into genuinely strategic instruments capable of articulating clear
286 priorities and demonstrating policy synergies and complementarities.

287 A second challenge concerns the risk of top-down intervention menus, as occurred with the NRRPs
288 and CAP SPs. Ensuring that regional and local institutions retain adequate flexibility during
289 implementation will depend largely on how meaningfully the partnership principle is applied within
290 Member States. Significant territorial variation persists, shaped by domestic political contexts, raising
291 the ongoing risk of a “patchwork Europe” (Foote, 2025) characterised by uneven participation and
292 fragmented governance practices.

293 **4. Conclusions and policy recommendations**

294 Policy recommendations start with redefining rurality. Current undifferentiated notions and
295 categories such as “less-favoured areas” fail to capture rural diversity. More nuanced typologies
296 and granular socio-economic diagnostics are needed to represent the full diversity and
297 complexity of rural spaces across Member States. The issue therefore remains open and calls for
298 greater political attention as well as a more sustained research effort at the national level. The
299 definition based on the DEGURBA classification represents a useful starting point, but it
300 requires further refinement to capture the heterogeneity that exists within the broad category of
301 rural areas.

302 A second set of recommendations concerns the legal provisions governing the design of future
303 NRP plans. The draft regulation establishing the Single Fund specifies that each NRP should be

304 organised into chapters grouping measures, objectives, and associated milestones and targets. A
305 complementary proposal circulated by the European Council (2025) allows NRPs to include
306 national, sectoral-including one dedicated to the CAP-and several regional or territorial chapters.
307 This option is especially relevant for countries with regionalised governance structures.

308 Introducing a dedicated “rural chapter” would provide an effective framework for shaping an
309 integrated strategy for rural areas and for differentiating interventions within the same NUTS2
310 region, regardless of its classification as less developed, transition, or more developed. Such a
311 chapter would be particularly important for addressing the needs of peripheral rural areas facing
312 demographic decline, weakened local economies, and shrinking essential services.

313 Only a limited number of Member States currently have experience with these types of territorial
314 policies. Spain, Italy, and France are experimenting with holistic, intersectoral, and multi-fund
315 approaches (Münch et al., 2024). These initiatives combine dedicated financial resources, strong
316 governance arrangements, and clear delineation of areas exposed to severe demographic
317 challenges-elements that would benefit from a more coherent European-level framework. Some
318 scholars (Rodríguez-Pose, 2025; Hansum, 2025) propose allocating cohesion funds based not
319 only on GDP per capita but also on socio-economic exposure to green and demographic
320 transitions.

321 Joint work led by DG AGRI and DG REGIO under the Rural Pact may support preparations for
322 the next programming period. However, this should be complemented by stronger efforts to
323 valorise existing national and regional experiences. Establishing a rural chapter would also serve
324 as a safeguard for interventions structurally less compatible with the n+1 decommitment rule,
325 which tends to prioritise rapid expenditure over complex place-based processes.

326 Another set of recommendations concerns the need for NRP plans to grant local communities
327 sufficient autonomy to define their own development strategies, based on thorough diagnostic
328 assessments and tailored to local needs. To achieve this, national and regional administrations

329 should avoid imposing rigid, top-down lists of eligible measures, which limit flexibility and
330 hinder genuine place-based approaches. This broader room for manoeuvre should be ensured by
331 appropriate EU-level implementing rules. Furthermore, adequate resources must be allocated at
332 the national level to support strategic planning, including granular data collection, the
333 development of intervention logic, the setting of priorities, and strengthened learning and
334 co-design processes. Recent research—such as the Horizon Europe RUSTIK project⁷- shows that
335 multi-actor approaches like living labs can significantly improve data provision, co-creation and
336 local learning capacities. However, these approaches require dedicated capacity-building
337 resources to establish meaningful stakeholder engagement structures. Broader room for
338 manoeuvre also applies to LEADER/CLLD initiatives, which continue to face constraints,
339 including concentration in areas with stronger social capital, procedural rigidity imposed by
340 managing authorities, and challenges in combining funding streams due to inconsistent rules.

341 Although the proposed reform of EU policies emphasises simplification at higher levels of
342 government, ensuring efficient and effective design and implementation of NRP plans will
343 require a clear division of responsibilities and robust coordination between national and regional
344 authorities, notably in regionalised countries. The timetable for submitting and approving NRP
345 plans by January 2028 may be challenging. This is not only due to the intensive work and
346 coordination required within Member States and with the Commission, but also because it is
347 essential to ensure that the plan's timeline allows for meaningful engagement of stakeholders
348 throughout the design process. Robust methodological guidelines have to be developed by the
349 national coordinating authority to guarantee effective stakeholder participation, particularly
350 involving local actors.

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