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Interfaces

TIMETABLE OF EU NEGOTIATIONS & POLICY DEVELOPMENTS: AN OVERVIEW OF THE RURAL POLICY FRAMEWORK POST-2020

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TIMETABLE OF EU NEGOTIATIONS AND POLICY DEVELOPMENTS: AN OVERVIEW OF THE RURAL POLICY FRAMEWORK POST-2020 (2023 UPDATE)

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Introduction

This paper presents the latest developments regarding European Union (EU) policies that impact rural areas. It is an update of a [paper](#) written in 2020 for the SHERPA project, which provided an overview of EU rural policies from 2021 to 2027 (hereafter “the Overview”).

The goal is to update the various stakeholders involved in the SHERPA Multi-Actor Platforms (MAPs) on relevant EU policy developments and identify new opportunities both for contributing to EU-level discussions and national implementation.

The first two present overarching political strategies and the policies within them that impact EU rural areas: the Long-Term Vision for Rural Areas and the European Green Deal, including its Farm to Fork and Biodiversity Strategies. The subsequent sections present the EU’s budget and different funding instruments within it that are most relevant for rural areas: the Common Agricultural Policy, Cohesion policy and Horizon Europe.

1. A long-term vision for rural areas

The long-term vision for rural areas (hereafter, LTVRA, or the Vision) was proposed by the European Commission in June 2021 to respond to the main challenges faced by rural areas¹. The Vision identifies 10 goals grouped into **four** complementary **areas of action to make EU’s rural areas, stronger, connected, resilient and prosperous by 2040**²:

- 1) **Stronger**: focus on empowering rural communities, improving access to services and facilitating social innovation;
- 2) **Connected**: to improve connectivity both in terms of transport and digital access;
- 3) **Resilient**: preserving natural resources and greening farming activities to counter climate change while also ensuring social resilience through offering access to training courses and diverse quality job opportunities;
- 4) **Prosperous**: to diversify economic activities and improve the value-added of farming and agri-food activities and agri-tourism.

To achieve the Vision’s objectives, the EU proposed two initiatives: a Rural Pact and a Rural Action Plan. The **Rural Pact** aims at fostering cooperation among stakeholders at the European, national, regional and local levels. All interested parties were invited to develop the Rural Pact together to reach the 10 goals laid in the Vision and the proposal was endorsed at the Rural Pact conference on 16 June 2022.³ The **Rural Action Plan** is structured against the four areas of objectives and contains 9 flagship initiatives and accompanying actions.

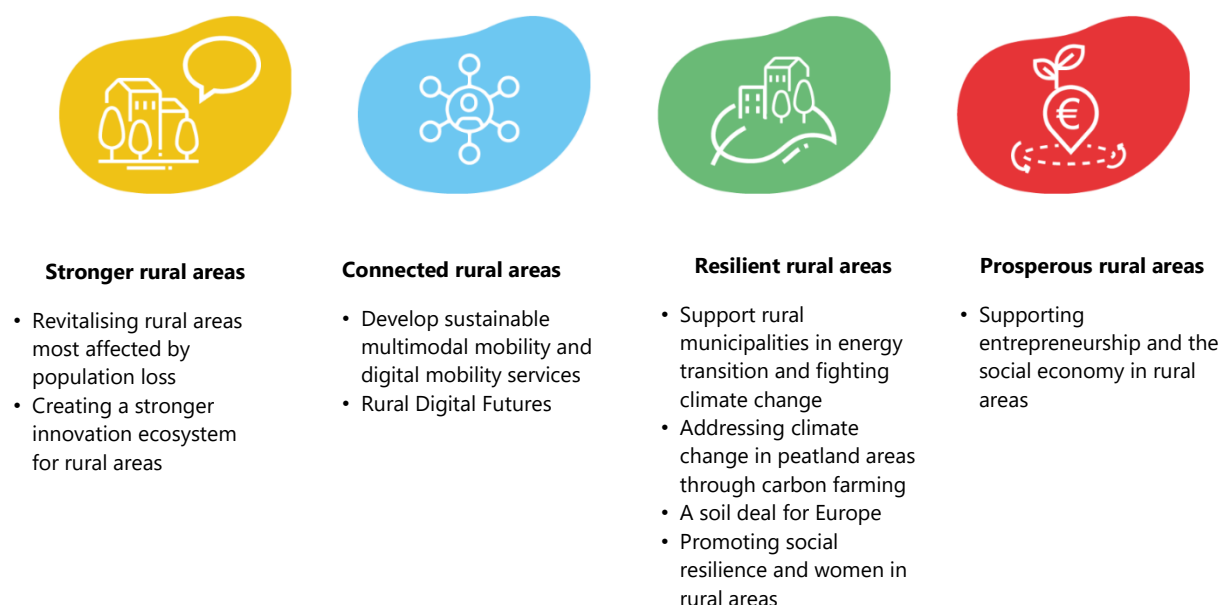
¹ European Commission (2021). *Long-term vision for rural areas: for stronger, connected, resilient, prosperous EU rural areas*. European Commission website. https://ec.europa.eu/commission/presscorner/detail/en/ip_21_3162

² European Commission (2021). *Long-term vision for rural areas: for stronger, connected, resilient, prosperous EU rural areas*. European Commission website. https://ec.europa.eu/commission/presscorner/detail/en/ip_21_3162

³ European Commission (n.d). Rural Pact Community. Rural Vision Europa website. European Commission. February 23, 2023. https://rural-vision.europa.eu/index_en



Figure 1: Long-Term Vision for Rural Areas structure and flagships per objective area⁴



To make rural areas stronger, the focus will be put on innovation and digitalisation. The Action Plan will also improve the public transport infrastructures to better connect rural areas. The resilience of rural areas will be addressed through various flagships targeting climate change, the social dimension and notably gender equality, demographic issues, or working conditions (in particular in the agriculture sector). Finally, the Plan will ensure the diversification of the economic activities, based on sustainable local economic strategies.

The implementation of the EU Rural Action Plan will be supervised by the European Commission and updated on a regular basis. This will be achieved through a close relationship with Member States and rural actors so that rural issues are correctly reported. The Commission will also develop a "Rural Observatory" which will inform policy-makers on rural development by providing them data-based information and analysis on rural areas. Finally, the Commission will also develop and implement "rural proofing" to review upcoming EU policies through a rural lens to better identify and acknowledge their potential impact on rural jobs, growth and sustainable development⁴. To help rural communities to collaborate and share information and good practices, the Commission will develop a Rural revitalisation Platform, under the first area. It will address priority rural areas affected by depopulation, ageing demographics and lack of economic opportunities⁴**Error! Bookmark not defined..**

The SHERPA platform published a [position paper](#) in February 2021 on the LTVRA. It presented the key issues and enablers identified by the 20 regional and national SHERPA Multi-Actor Platforms (MAPs), and by the EU level MAP and their desired visions for 2040. In particular, it calls for mechanisms to ensure that rural matters are addressed in a coordinated and coherent manner in all areas of policy.

⁴ European Commission (2021). *Rural Vision : Action Plan*. European Commission website. https://rural-vision.europa.eu/action-plan_en

2. The European Green Deal: striving to make Europe climate-neutral

As already presented in the last update, the EU Green Deal (hereafter, EGD) is the current Commission's flagship policy and roadmap to climate neutrality by 2050. Many of its targets and strategies will impact rural areas. It includes a number of legislative revisions and proposals that will amend the Climate Framework, and a strategy to promote sustainable food systems (the Farm to Fork Strategy). The EGD also includes a Just Transition Fund to support the regions most affected by the energy transition (see next section dedicated to funds).

2.1. Climate framework

- **Fit for 55 package**

As part of the EGD, the Commission published its "Fit for 55" package in July 2021. This series of proposals aims at updating EU legislation to ensure the EU achieves the climate goals enshrined in the European Climate Law. Under this Law, the EU has adopted an increased emissions reduction target of at least 57% by 2030 compared to 1990 levels. The package revised some of the most important pieces of climate legislation, such as the EU ETS with the introduction of the Carbon Border Adjustment Mechanism (CBAM), the Energy Taxation Directive, LULUCF regulation, the regulation setting CO₂ emission standards of cars and vans, the Effort Sharing Regulation or the Energy Efficiency Directive and the Renewable Energy Directive.

- **ESR and Carbon Removals Certification**

The Effort Sharing Regulation now includes a more ambitious EU-wide emission reduction target of 40% by 2030 (previously 30%), across sectors governed by the Regulation (road transport, heating of buildings, agriculture, small industrial installations, and waste management). National targets will then be set in the ESR, binding each Member State to implement emissions reduction measures in the relevant sector. Stricter targets are likely to have an impact on rural areas, as will the possibility for Member States to use a limited quantity of credits generated through GHG removals in the land sector to comply with their targets.⁵ The Commission is working on further enabling measures for carbon farming practices under the proposed Framework for the Certification of Carbon Removals. Proposed in November 2022, the certification intends to incentivise an increase in carbon removals, reward farmers adopting more climate-friendly practices, and result in the creation of new business models within the agricultural sector.

- **LULUCF**

The Commission's proposal to revise the Regulation on land use, land use change, and forestry (hereafter, LULUCF), introduces the first EU-wide net carbon sink target of -310 Mt of CO₂e by 2030, which will be translated into binding targets for each Member State for the period 2026-2030. This goes beyond the previous 'no-debit rule', whereby emissions in the LULUCF sector are compensated by at least an equivalent amount of removals. As part of the revision, the Commission has proposed a shift to a more integrated policy framework, by including non-CO₂ agricultural emissions, such as methane (CH₄), in the Regulation's accounting from 2030 and setting an overarching climate neutrality objective for the combined land use,

⁵ European Commission (2021a). Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2018/842 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement. COM(2021) 555 final. Brussels. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2021:555:FIN>



forestry and agriculture sector by 2035^{6,7}. Member States will be expected to submit National Energy and Climate Plans (hereafter, NECPs) by June 2023 in which they outline how they intend to contribute to meeting the collective target by mid-2024. The Commission's Guidance for NECPs encourages Member States to do more on their LULUCF and agricultural emissions, including methane⁸. Based on NECP submissions and an associated impact assessment, the Commission will also propose targets for each Member State by the end of 2025.

- **Industrial Emissions Directive**

Initiatives under the 'Fit for 55' package are further complemented by a proposal to widen the scope of the Industrial Emissions Directive (IED), which regulates the environmental impacts of industrial operations, including large agro-industrial installations. Under the proposed revision, the Directive would regulate cattle farms in addition to intensive pig- and poultry-rearing installations and include a lower threshold for the size of farms falling under the legislation. The Commission's proposed threshold of 150 livestock units would result in the inclusion of around 13% of the EU's livestock installations and increase the coverage of methane emissions regulated by the Directive from 3% to 43%⁹. The proposed updates are currently being reviewed by the European Parliament—led by the Committee on Environment, Public Health and Food Safety (ENVI)—and the Council.

- **Renewable Energy Directive**

Separately, a revision of the Renewable Energy Directive is currently being considered by the Council and the European Parliament, with a view to accelerating the deployment of renewables in line with the EU's increased climate ambition. The proposal presented by the Commission in July 2021 included a new target of at least 40% renewable energy in the EU's overall energy mix by 2030, in place of the current 32% target set in RED II¹⁰. This was followed by the publication of the REPowerEU plan in May 2022, which set out a series of measures for reducing EU's dependence on Russian fossil fuels and increased the target in the Directive to 45%. The adoption of the revised text of the Directive will have implications for the harvesting of forest

⁶ However, the Council, Parliament and Commission could not come to an agreement on targets for post-2030 during trilogues, and therefore agreed to discuss the post-2030 framework at a later time. Therefore, the implementation of the LULUCF Regulation does not have an agreed-upon target for 2035 nor have the institutions yet agreed upon to merge agricultural non-CO₂ emissions with LULUCF emissions and removals.

⁷ European Commission (2021b). *Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) 2018/841 as regards the scope, simplifying the compliance rules, setting out the targets of the Member States for 2030 and committing to the collective achievement of climate neutrality by 2035 in the land use, forestry and agriculture sector, and (EU) 2018/1999 as regards improvement in monitoring, reporting, tracking of progress and review.* COM/2021/554 final. Brussels. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0554&qid=1626940138360>

⁸ European Commission (2022a). *Commission Notice on the Guidance to Member States for the update of the 2021-2030 national energy and climate plans.* Official Journal of the European Union. 2022/C 495/02. (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX%3A52022XC1229%2802%29&from=EN>)

⁹ European Commission (2022b). *Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) and Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste.* COM/2022/156 final/3. Strasbourg. (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0156R%2802%29&qid=1651130627889>)

¹⁰ European Commission (2021c). *Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive (EU) 2018/2001 of the European Parliament and of the Council, Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive 98/70/EC of the European Parliament and of the Council as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652.* COM(2021) 557 final. Brussels. (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0557>)



biomass and use of forest resources for bioenergy, with possible impacts on employment opportunities in rural areas. As part of the REPowerEU initiative, the Commission also set an annual target for biomethane production of 35 billion cubic metres (bcm) by 2030¹¹. The accompanying Biomethane Action Plan proposes possible measures to enable the achievement of this target, including identifying regions where biomethane production can be sustainably increased from locally sourced secondary feedstock or introduction of particular agricultural practices, and developing an EU strategy for energy transition in rural areas in order to integrate decentralized small biogas plants operating across the bloc into the overall renewable energy mix¹².

Most of the Fit for 55 files are expected to be finalised during the first half of 2023. Some negotiations such as the CBAM creation, the EU ETS or LULUCF are already concluded. However, other pieces of legislation are still in negotiations between the EU institutions. Finally, an agreement on the revision of the Energy Taxation Directive is unlikely to be reached in the near term, given the divergences between Member States.

2.2. Farm to Fork Strategy

Another key strategy of the EGD published since the last update is the [Farm to Fork Strategy](#). Published in May 2020, it sets out a roadmap to make food systems fair, healthy and environmentally friendly. It has four main objectives: ensuring sustainable food **production**; stimulating sustainable food **processing, wholesale, retail, hospitality and food service**; promoting sustainable food **consumption**; and reducing **food loss and waste**. Therefore, it means covering all aspects of the food supply chain and all dimensions of the food system.

It developed several non-binding targets to reach by 2030, namely:

- Reducing nutrient losses by at least 50%, and use of mineral fertilizers by 20%;
- Reducing the use and risk of chemical pesticides and use of more hazardous pesticides by 50%;
- Reducing the sales of antimicrobials in animal farming and aquaculture by 50%;
- Increasing the share of agricultural land under organic farming to least 25%;
- Halving per capita food waste at retail and consumer levels by 2030 (SDG Target 12.3).

To reach these objectives, the Strategy includes a timeline of legislative and non-legislative initiatives. Table 1 below provides an update of the status of these initiatives. A number have been published or are due to be published in 2023, whereas others have been delayed and may not therefore be agreed before the 2024 EU elections.

¹¹ European Commission (2022c). *REPowerEU Plan*. Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions. Brussels. (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A230%3AFIN&qid=1653033742483>)

¹² European Commission (2022d) *Implementing the REPowerEU Action Plan: investment needs, hydrogen accelerator and achieving the bio-methane targets* Commission Staff Working Document. Brussels. (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022SC0230&from=EN>)



Table 1: Timetable of the Farm to Fork Strategy published in May 2020¹³

INITIAL DATE	NAME OF THE POLICY	STATUS
ACTIONS		
Q4 2021	Develop a contingency plan for ensuring food supply and food security	Published
2023	Proposal for a legislative framework for sustainable food systems (SFSF)	Pending, due Q3 2023
ENSURE SUSTAINABLE FOOD PRODUCTION		
Q4 2020	Adopt recommendations to each Member State addressing the nine specific objectives of the Common Agricultural Policy (CAP) , before the draft CAP Strategic Plans are formally submitted	Published
Q3 2021	EU carbon farming initiative	Communication December 2021
Q4 2021	Revision of the relevant implementing Regulations under the Plant Protection Products framework to facilitate placing on the market of plant protection products containing biological active substances	Delayed to Q3 2022 and adopted in November 2022
Q4 2021	Proposal for a revision of the feed additives Regulation to reduce the environmental impact of livestock farming	Delayed to 2023
2021-2022	Legislative initiatives to enhance cooperation of primary producers to support their position in the food chain and non-legislative initiatives to improve transparency	Regulations including (EU) 2021/2117 adopted
Q2 2022	Proposal for a revision of the Farm Accountancy Data Network Regulation to transform it into a Farm Sustainability Data Network with a view to contribute to a wide uptake of sustainable farming practices	Proposal published June 2022, in co-decision
Q2 2022	Proposal for a revision of the Sustainable Use of Pesticides Directive to significantly reduce use and risk and dependency on pesticides and enhance Integrated Pest Management	Proposal published in June 2022 – currently under negotiation between the EP and the Council
Q3 2022	Clarification of the scope of competition rules in the TFEU with regard to sustainability in collective actions.	Delayed to December 2023
2023	Proposal for a revision of the pesticides statistics Regulation to overcome data gaps and reinforce evidence-based policy making	Adopted
Q4 2023	Evaluation and revision of the existing animal welfare legislation , including on animal transport and slaughter of animals	Pending, due Q3 2023

¹³ This original timetable published in 2020 along with the F2F communication (see [annex](#)) but has been modified by the Commission in to reflect delays (see [table](#)). The “initial dates” reported in this table are from the first publication. Even though the last version revised the date to postpone them, some of the policies are still delayed.



D3.1 | Timetable of EU negotiations & policy developments: an overview of the new rural policy framework

STIMULATE SUSTAINABLE FOOD PROCESSING, WHOLESALE, RETAIL, HOSPITALITY AND FOOD SERVICES' PRACTICES		
Q1 2021	Initiative to improve the corporate governance framework , including a requirement for the food industry to integrate sustainability into corporate strategies	Proposal on Sustainability Due Diligence published in February 2022. Currently under negotiation
Q2 2021	Develop an EU code and monitoring framework for responsible business and marketing conduct in the food supply chain	Published
Q4 2021	Launch initiatives to stimulate the reformulation of processed food, including the setting of maximum levels for certain nutrients	Came with the EU Code (above), progress will be assessed with the Code
2021-2022	Revision of EU marketing standards for agricultural, fishery and aquaculture products to ensure the uptake and supply of sustainable products	Pending
2021-2022	Enhance coordination to enforce single market rules and tackle Food Fraud, including by considering a reinforced use of OLAF's investigative capacities	Non-legislative - ongoing
Q4 2022	Set nutrient profiles to restrict the promotion of food high in salt, sugars and/or fat	Delayed
Q4 2022	Revision of Food Contact Materials legislation to improve food safety, ensure citizens' health and reduce the environmental footprint of the sector	Delayed to Q2 2023
PROMOTE SUSTAINABLE FOOD CONSUMPTION, FACILITATING THE SHIFT TOWARDS HEALTHY, SUSTAINABLE DIETS		
Q4 2020	Revision of the EU promotion programme for agricultural and food products with a view to enhancing its contribution to sustainable production and consumption	Delayed to Q3 2022
Q3 2021	Proposal of mandatory criteria for sustainable food procurement to promote healthy and sustainable diets, including organic products, in schools and public institutions	Delayed to Q4 2023, will be part of SFSF
Q4 2022	Proposal for a harmonized mandatory front-of-pack nutrition labelling to enable consumers to make health-conscious food choices	Delayed to 2023
Q4 2022	Proposal to require origin indication for certain products	Delayed to 2023
Q4 2023	Proposal for a sustainable food labelling framework to empower consumers to make sustainable food choices	Will be part of the SFSF
Q4 2023	Revision of the EU school scheme legal framework with a view to refocus the scheme on healthy and sustainable food	Pending
REDUCE FOOD LOSS AND WASTE		
Q2 2023	Proposal for EU-level targets for food waste reduction	Pending
Q4 2022	Proposal for a revision of EU rules on date marking ('use by' and 'best before' dates)	Delayed to 2023



2.3. EU Biodiversity Strategy and Global Biodiversity Framework

Adopted with the Farm to Fork Strategy in May 2020, the EU Biodiversity Strategy contains a number of ambitious targets with relevance for Europe's rural areas. In addition to the targets of the Farm to Fork Strategy on pesticides, fertilisers, antimicrobials and organic farming, it includes the following targets relevant to rural land use:

- Protecting 30% of EU land, and strict protection of one third of existing protected areas, including all remaining EU primary and old-growth forests;
- Planting 3 billion trees by 2030;
- Restoring at least 25,000 km of free-flowing rivers;
- Legally binding EU nature restoration targets;
- At least 10% of agricultural area under high-diversity landscape features;
- Halting and reversing the decline of pollinators.

Stemming from the Strategy, the Commission published its EU nature restoration law proposal in June 2022, which includes various legally binding targets related to: protected areas, reversing the decline of pollinators and farmland birds, improving soil organic carbon, increasing landscape features, and protecting and restoring peatlands and wetlands. At the time of publication, the proposal is being negotiated in the EU Council and EU Parliament.

In addition to the Farm to Fork and the Biodiversity strategies' targets, the European Union signed the Global Biodiversity Framework (GBF)'s targets under the UN Convention for Biological Diversity in December 2022, negotiated during COP15. Many of the EU's Farm to Fork and global targets overlap and apply to rural areas. For instance, both the GBF (target 7) and the Farm to Fork aim to reduce the risk of chemical and hazardous pesticides by half, although the Farm to Fork goes further and targets also the reduction in their use. The GBF also aims at ensuring the sustainable management of different agricultural systems (agriculture, aquaculture, fisheries and forestry) (target 10), in particular through the sustainable use of biodiversity-friendly practices e.g. sustainable intensification, agroecological and other innovative approaches. However, the scope of terms—such as 'sustainable intensification' and 'biodiversity friendly'—remains general and do not come with quantitative targets¹⁴.

3. The long-term budget of the EU: Multi-annual financial framework (MFF) and Next Generation EU instrument

Since the last Overview in 2019, the long-term budget of the EU for 2021-2027 was agreed and came into force. Initially only composed of the Multi-annual Financial Framework (hereafter, MFF), the European Commission created an additional fund—NextGenerationEU (hereafter, NGEU)—in 2020 to respond to COVID-19. The EU budget therefore increased, with the final amount set at €2,018 billion for the entire period.

The MFF covers different long-term priorities across different policy areas and funds, including the CAP, Cohesion funds and Horizon Europe. Still under negotiation during the last update, it was adopted on December 2020 for the 2021-2027 period, with a budget of €1,210.9 billion in current prices. Based on the

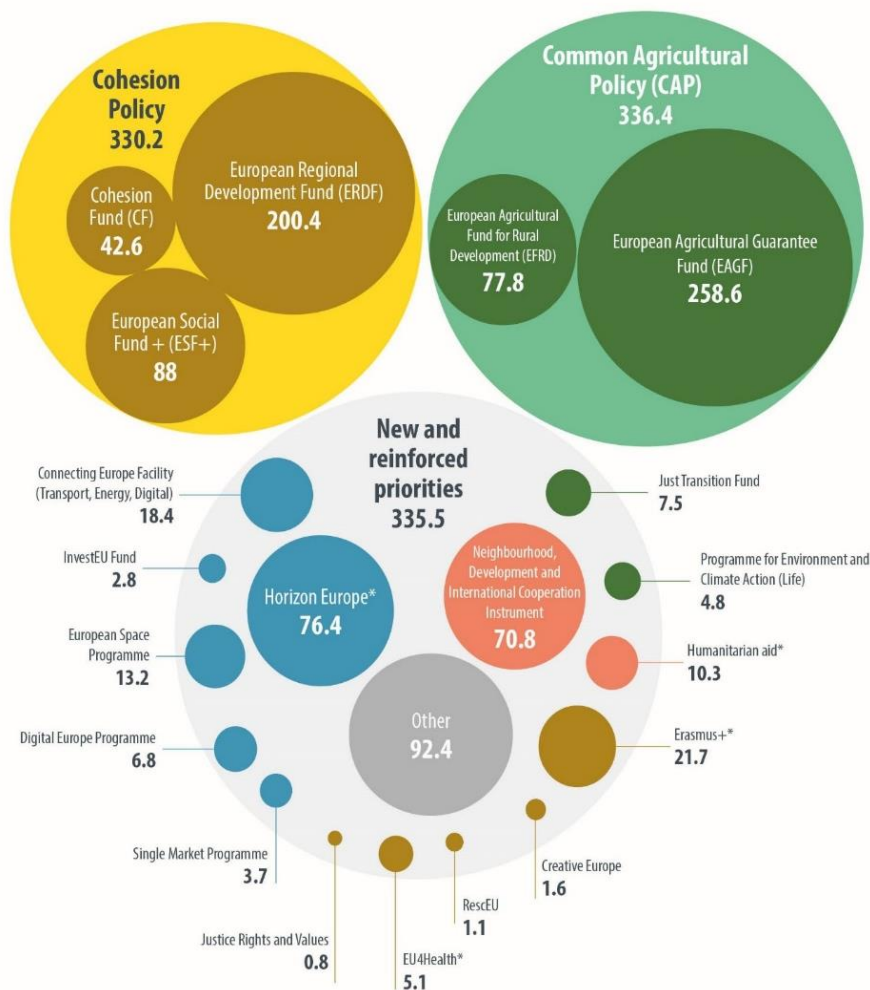
¹⁴ Aubert, G. and Dudley, N. (2023). *COP15 – How does the post-2020 Global Biodiversity Framework compare with the EU's Biodiversity Strategy ambition and targets?* IEEP. Brussels. <https://ieep.eu/wp-content/uploads/2023/02/COP15-%E2%80%93-How-does-the-post-2020-Global-Biodiversity-Framework-compare-with-the-EU's-Biodiversity-Strategy-ambition-and-targets.pdf>



categories used by the European Commission and Council, the funding areas and their allocations are as follows: the single market, innovation and digital (12.4%); cohesion, resilience and values (35.2%); natural resources and the environment (which includes the CAP) (33.2%); migration and border management (2.1%); security and defence (1.2%); neighbourhood and the world (9.2%); European public administration (6.8%)¹⁵. Some budgets of programmes affecting rural areas have been reinforced under the new MFF. For instance, the Connecting Europe Facility or Horizon 2002 received a significant boost in funding.

Figure 2: Main programmes and funds under the MFF 2021-2027

All amounts in € billion (2018 prices)



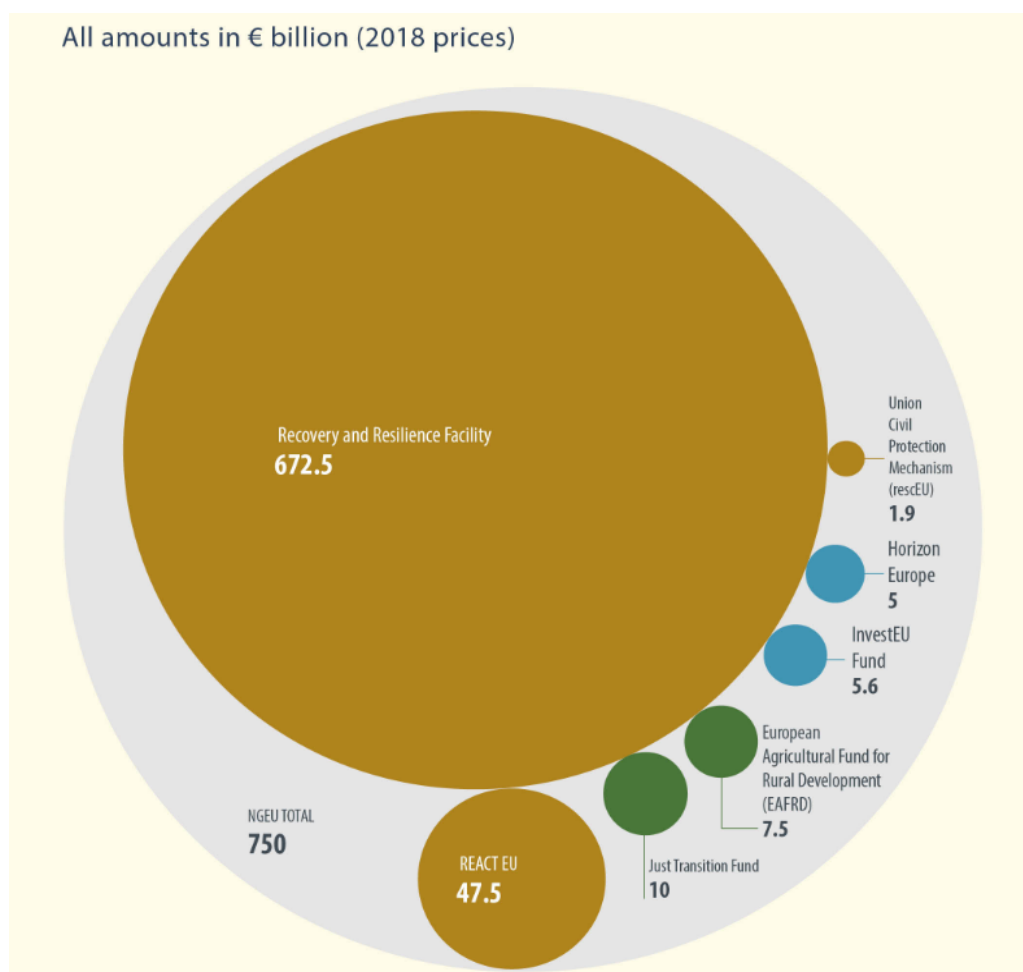
Source: Council of the European Union (n.d). *Infographic – Multiannual financial framework 2021-2027 and Next Generation EU*. <https://www.consilium.europa.eu/en/infographics/mff2021-2027-ngeu-final/>

NGEU was proposed in 2020 by the European Commission as a recovery instrument to respond to the impacts of the COVID-19 pandemic. It adds €806.9 billion in current prices to the EU long-term budget. It mostly

¹⁵ European Commission (2023) *Long-term EU budget 2021-2027 and recovery package*. European Commission. <https://www.consilium.europa.eu/en/policies/the-eu-budget/long-term-eu-budget-2021-2027/>

funds the Recovery and Resilience Facility (RRF) (89.7%) which co-funds [national recovery plans developed by Member States](#) to help them recover from the economic and social impacts of the pandemic, with a strong focus on the green and digital transitions to improve the continent's resilience. Overall, the NGEU focuses on funding cohesion, resilience and values (96.2%) which is highly relevant for rural and regional development. NGEU also funds two other headings, but to a lesser extent: natural resources and environment (2.3%) and single market innovation and digital (1.4%)¹⁶.

Figure 3 : Next Generation EU



Source: Council of the European Union (n.d). *Infographic – Multiannual financial framework 2021-2027 and Next Generation EU*. <https://www.consilium.europa.eu/en/infographics/mff2021-2027-ngeu-final/>

The MFF will be revised in 2023 to assess how the MFF is spent and adapt it to the current situation. In regard to the multiple crises that erupted in Europe since 2019, and especially following the Russian invasion of

¹⁶ European Commission (n.d). *Recovery plan for Europe*. European Commission. https://commission.europa.eu/strategy-and-policy/recovery-plan-europe_en



Ukraine, the European Parliament called for a revision of the MFF in June 2022. In particular it asked for a stronger, increased and more flexible and transparent budget to improve the EU's reactivity and ability to adapt and address unpredicted needs¹⁷. The EU Budget Commissioner, Johannes Hahn, announced during the Annual EU Budget Conference in October 2022 that the Commission will present a proposal for revising the MFF in the first quarter of 2023. The increased budget should focus on: energy, defence and innovation to strengthen EU autonomy and foresight, support to Ukraine, and the repayment of the common debt contracted to finance NGEU¹⁸. This might entail a reallocation of budgets from agriculture and cohesion policy. A proposal for the next MFF is also required by July 2025, and is currently expected in June 2025¹⁹.

4. The Common Agricultural Policy

Since the last update, the 9th CAP reform for the 2023-2027 period was adopted. It was agreed in December 2021 and came into force in January 2023, i.e. two years later than the initial planned date. Most of the delays are associated to the difficult negotiations around the development of the CAP Strategic Plans. As detailed in the former paper, this new reform introduced a 'new delivery model' where Member States must submit a National Strategic Plan presenting how they were going to contribute to the ten EU-wide objectives (one cross-cutting on knowledge and innovation, three economic, three social, and three that are environment and climate-related). The Plans were submitted to the European Commission and by the end of 2022, all of them were approved and due to start on 1 January 2023.

Overall, the CAP for the period has a budget of €387 billion, of which 75% (€291.1 billion) is allocated to Pillar I—focused on supporting farm incomes—and 25% (€95.5 billion) to Pillar II, dedicated to rural development²⁰. The regulation requires that at least 35% of Pillar II be allocated to measures to support climate, biodiversity, environment and animal welfare²¹. The reform also pursues the goal to be fairer for farmers, by improving the distribution of income support and address the income needs of small and medium-sized farms. For instance, it made the complementary **redistributive income support** compulsory by dedicating at least 10% of national direct payment envelope to it²². It can be noted that the second pillar of the CAP (EAFRD), which includes the LEADER programme, is no longer governed by the Common Provisions Regulation and therefore the rules governing cohesion policy.

Since the CAP strategic plans were approved, several assessments have been carried out, generally indicating a focus on economic objectives and pillar one 'basic income' payments, and a lack of ambition concerning

¹⁷ European Parliament (2022). *EU long-term budget needs urgent revision to cope with current crises*. European Parliament. Press release. 15-12-2022. <https://www.europarl.europa.eu/news/en/press-room/20221209IPR64426/eu-long-term-budget-needs-urgent-revision-to-cope-with-current-crises>

¹⁸ European Commission (2022) *Opening remarks of Commissioner Hahn at the Annual EU Budget Conference 2022*. European Commission. https://ec.europa.eu/commission/presscorner/detail/en/speech_22_6068

¹⁹ O'Donovan, R. & Lyddon, C. (2023) *IN BRIEF: CAP; Top IOC job; Dombrovskis in US; MEPs hold animal transport meet; Russia rant*. AGRAFACTS. No 15-23. P6

²⁰ European Commission (n.d). *Common agricultural policy funds*. European Commission website. https://agriculture.ec.europa.eu/common-agricultural-policy/financing-cap/cap-funds_en

²¹ European Commission (n.d). *The new common agricultural policy: 2023-27*. European Commission website. https://agriculture.ec.europa.eu/common-agricultural-policy/cap-overview/new-cap-2023-27_en

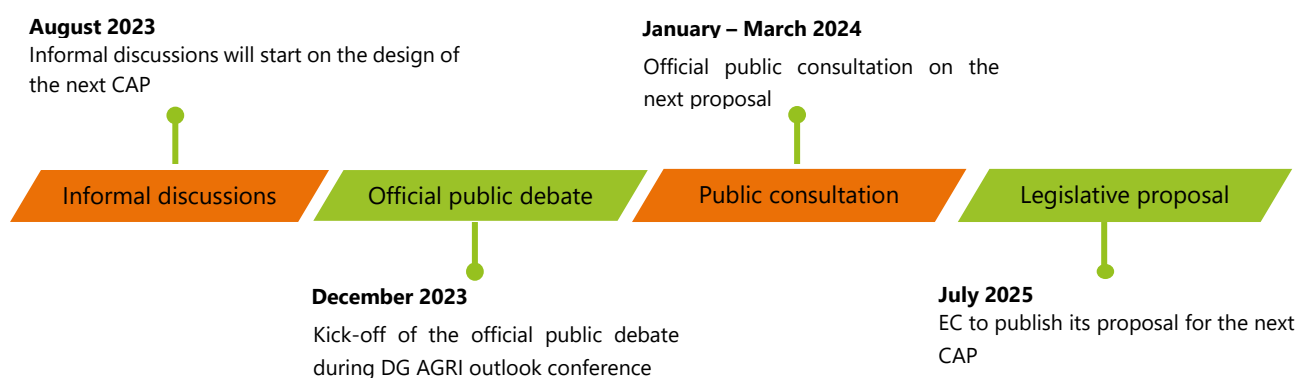
²² European Commission (n.d). *Key reforms in the new CAP*. European Commission website. https://agriculture.ec.europa.eu/common-agricultural-policy/cap-overview/new-cap-2023-27/key-reforms-new-cap_en



environmental objectives²³. In October 2023, the European Commission will also publish its own report on the Plans and their contribution to the objectives of the EGD.

Regarding the next CAP reform, the European Commission has already indicated a timeline, depicted in figure 4 below. In addition to the information in the diagram, the Commission is expected to publish a report on the CAP Strategic Plans' contribution to the European Deal in October 2023.

Figure 4: Timeline of the next CAP reform¹⁹



5. The European Cohesion Policy framework

The EU Cohesion Policy framework aims to support every EU region in the green and digital transition. It is delivered through four main funds which were implemented since the last overview: the European Regional Development Fund (ERDF) and the Cohesion Fund, a reinforced European Social Fund, called European Social Fund Plus (ESF+), and the Just Transition Fund. With national co-funding, these will finance programmes in the EU regions and countries for the 2021-2027 period. Adopted by the Commission in July 2021, the total framework budget (without co-funding) amounts to €361 billion in current prices²⁴. In the following section

²³ Midler, E. and J. Pagnon (2022), *Environment and climate assessment of France's CAP Strategic Plan*. Institute for European Environmental Policy (IEEP) <https://ieep.eu/publications/environment-and-climate-assessment-of-frances-cap-strategic-plan/>

Midler, E., Hobeika, M., Riedel, A. and J. Pagnon (2022), *Environment and climate assessment of Poland's CAP Strategic Plan*. Institute for European Environmental Policy and Ecologic Institute <https://ieep.eu/publications/environment-and-climate-assessment-of-polands-cap-strategic-plan/>

Nadeu, E., Midler, E. and Pagnon, J. (2023). *Assessment of the Spanish CAP Strategic Plan: environmental and climate contributions*. Institute for European Environmental Policy (IEEP). <https://ieep.eu/wp-content/uploads/2023/02/Environment-and-climate-assessment-of-Spains-CAP-Strategic-Plan-IEEP-2023.pdf>

Scheid, A. and S. Ittner (2022). *Assessment of the German CAP Strategic Plan: environmental and climate contributions*. Institute for European Environmental Policy and Ecologic Institute. <https://ieep.eu/publications/environment-and-climate-assessment-of-germanys-cap-strategic-plan/>

²⁴ European Commission (n.d). *2021-2027: Cohesion policy EU budget allocations*. European Commission. 2023. February 23, 2022. <https://cohesiondata.ec.europa.eu/stories/s/2021-2027-EU-allocations-available-for-programming/2w8s-ci3y/#2021-2027-cohesion-policy-eu-budget-allocations>



we will focus on the ERDF, the Cohesion Fund and the Just Transition Fund, as they are the ones with the most important linkages to rural areas.

5.1. European Regional Development Fund (ERDF) and the Cohesion Fund

Framed in the same [Regulation](#), these two European Structural and Investment Funds contribute to the overall objective of strengthening the economic, social and territorial cohesion of the Union.

For the 2021-2027 period, the European Regional Development Fund (hereafter, ERDF) finances “operational programmes” for all five policy objectives (POs) of the Cohesion Policy Framework (already laid out in the previous overview)²⁵. In concrete terms, it will for instance support the creation of jobs in rural areas, for example in the agriculture sector, new businesses, development of tourism related activities, and in addition the development of access and connections between cities and rural areas, especially in the context of the information society.

The Fund will however give special attention to some policy objectives. In particular, it requires all Member States to allocate at least 30% of their ERDF money to PO2. More developed regions or Member States need to dedicate at least 85% of their allocation to PO1 and PO2, transition regions or Member States must allocate at least 40% to PO1, and less developed regions or Member States at least 25% to PO1²⁶. The overall budget of this Fund amounts to €215 billion (€310 billion with co-financing)²⁷.

For the same period, the **Cohesion Fund** focuses on PO2 and PO3, and will support investments in the field of environment and trans-European networks in the area of transport infrastructure.²⁸ The specificity of the Cohesion Fund is to support to Member States with a gross national income (GNI) per capita below 90% of the EU-27 average. For this programme period, it will therefore provide supports to Bulgaria, Czechia, Estonia, Greece, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovakia and Slovenia. Its budget amounts to €42.6 billion of which 37% is expected to contribute to climate objectives and €20 million will go to the connecting Europe facility.²⁹

As explained in the previous update, Member States are required to present how they plan to use the funding of these two funds in Partnership Agreements. In particular, they have to present the expected impacts, the

²⁵ A **more competitive and smarter**, through innovation and support to small and medium-sized businesses, as well as digitisation and digital connectivity (PO1) ; a **greener**, low-carbon and resilient (PO2) ; a **more connected** by enhancing mobility (PO3) ; a **more social**, supporting effective and inclusive employment, education, skills, social inclusion and equal access to healthcare, as well as enhancing the role of culture and sustainable tourism (PO4) ; a **closer to citizens**, supporting locally-led development and sustainable urban development across the EU (PO5).

²⁶ European Commission (n.d). *Programming period 2021-2027: Adopted Partnership Agreements*. European Commission. 2023. February 23, 2022. <https://cohesiondata.ec.europa.eu/stories/s/2021-2027-Adopted-National-Partnership-Agreements/4jua-76d5/>

²⁷ European Commission (n.d) *2021-2027 ERDF and ESF+ initial allocations (current prices)*. <https://cohesiondata.ec.europa.eu/2021-2027-Finances/2021-2027-ERDF-and-ESF-initial-allocations-current/htjg-pupf>

²⁸ European Parliament (2022). Factsheet: Cohesion Fund. European Parliament. 2022, 03. February 23, 2022. <https://www.europarl.europa.eu/factsheets/en/sheet/96/cohesion-fund>

²⁹ European Commission (n.d). *Cohesion Fund*. European Commission. 2023. February 23, 2022. https://ec.europa.eu/regional_policy/funding/cohesion-fund_en



contribution to climate targets³⁰ and the synergies between the funds and with other regional programmes. Shorter than they were for the 2014-2020 period, these agreements now only have to indicate the amounts they will use for the programmes and can only be amended once at the mid-term review planned for 2024 (whereas previously they could be amended once a year)³¹. The approval process started from mid-2021 to the end of 2022 and the same process applies to the European Social Fund+ (hereafter, ESF+) and the Just Transition Fund. As of January 2023, all of the Partnerships Agreements have come into force and have been implemented through Operational Programmes. The review and evaluation will proceed according to the following schedule:

- End of 2024: Member States must carry out mid-term reviews
- 31 March 2025: Option to request amendment of each programme
- 20 June 2029: The managing authority shall carry out an evaluation for each programme to assess its impact.
- 15 February 2031: Final performance report
- 31 December 2031: Retrospective evaluation

As can be the case for the EARD, regional authorities (NUTS2) can play a key role in the programming, management and implementation of Cohesion Policy funds. This is particularly true for ERDF and ESF+ operational programs. However, the current programming period is characterised by greater centralisation at national level than in the past. The new regulations provide greater flexibility to reallocate Cohesion Policy funds across types of regions and to other funds or instruments. This and other shifts towards greater centralisation at national level could undermine political ownership of the policy at local level.

5.2. Just Transition Mechanism

The EU Just Transition Mechanism aims to address the social and economic effects of the transition towards a climate-neutral economy to ensure the transition happens in a fair way, leaving no one behind. The corresponding Just transition Fund itself amounts to €19.2 billion in current prices, of which €10.87 billion under NGEU, while the Mechanism has a budget of around €55 billion over the period 2021-2027³².

The Just Transition Fund mostly targets the energy sector, but there have been calls from various actors for it to be applied to the agricultural sector³³. The agricultural sector also needs to be transformed to face the climate and environmental challenges and will need support from the European Union³⁴.

³⁰ Ciffolilli, A, Telha, J & Caetano, G 2021, Research for REGI Committee – Cohesion Policy and Climate Change, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels; [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/652247/IPOL_STU\(2021\)652247_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/652247/IPOL_STU(2021)652247_EN.pdf)

³¹ European Commission (n.d). *New Cohesion Policy*. European Commission. 2023. February 23, 2022. https://ec.europa.eu/regional_policy/2021-2027_en

³² European Commission (n.d). *Just Transition funding sources*. European Commission. 2023. February 23, 2022. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism/just-transition-funding-sources_en

³³ Haszczyn, S and Wright, H (2022) *Just Transition in Animal Agriculture : Implications, Risks and Opportunities*. <https://www.fairr.org/article/just-transition/>

³⁴ Baldock, D. and Buckwell, A. (2021) *Just transition in the EU agriculture and land use sector*, Institute for European Environmental Policy. <https://ieep.eu/wp-content/uploads/2022/12/Just-transition-in-the-EU-agriculture-land-use-sector-IEEP-2022.pdf>



6. Horizon Europe: the next innovation and research framework programme 2021-2027

Horizon Europe for 2021-2027 was presented in the 2019 Overview and has since been approved and entered into force. The EU's programme funding for research and innovation will strengthen the scientific bases of the European Union, foster its competitiveness in all Member States and contribute to sustainability strategies and objectives, such as the European Green Deal and the Sustainable Development Goals³⁵.

The **budget** for Horizon Europe for 2021-2027 is €95.5 billion in 2018 prices. It is **structured into three pillars**: i) Excellent and Open Science, ii) Global Challenges & European Industrial Competitiveness, and iii) Innovative Europe. The majority of funding (56%) is designated for Pillar II (€53.5 billion), then 26% to Pillar I (€25 billion) and 14% to Pillar III (€13.6 billion).³⁶ There is also 4% (€3.4 billion) for widening participation and strengthening the European Research Area (horizontal), and €5.4 billion from Next Generation Europe (NGEU).

To advance the results for the clusters within the largest cluster, Pillar II, Horizon Europe incorporates five EU Missions, which are portfolios of action aimed at creating a greater impact on society and policy-making, in cooperation with citizens and stakeholders³⁷. Each Mission is connected to a measurable target and a clear timeline for delivering results. The five **Mission areas** are:

- Adaption to climate change, including societal transformation;
- Cancer;
- Healthy oceans, seas, coastal and inland waters;
- Climate-neutral and smart cities;
- Soil health and food.

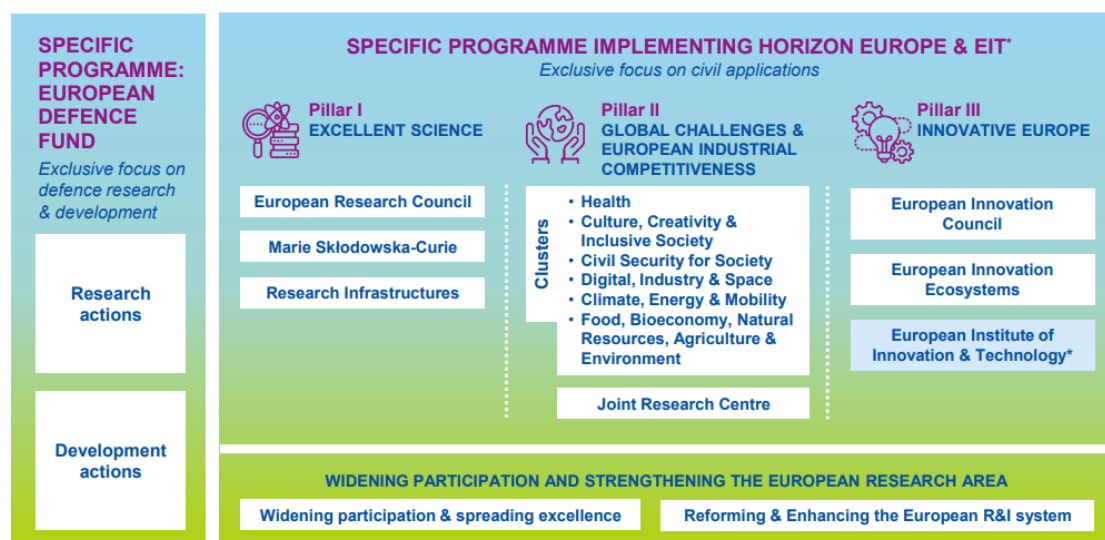
³⁵ European Commission (n.d) *Horizon Europe*. European Commission. 2023. February 23, 2022. https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe_en

³⁶ Kelly, E. and Naujokaitytė, G (2020). *EU announces budget breakdown for Horizon Europe after 14-hour talks*. Science Business. <https://sciencebusiness.net/framework-programmes/news/eu-announces-budget-breakdown-horizon-europe-after-14-hour-talks>

³⁷ European Commission (2021) *Horizon Europe: The EU research & innovation programme 2021(27)*. Research and Innovation website. European Commission. February 28, 2023. https://research-and-innovation.ec.europa.eu/system/files/2022-06/ec_rtd_he-investing-to-shape-our-future_0.pdf



Figure 6: Horizon Europe programme



* The European Institute of Innovation & Technology (EIT) is not part of the Specific Programme

Source: European Commission (2021). *Horizon Europe - the EU research& innovation programme 2021 – 2027*. European Commission website. https://research-and-innovation.ec.europa.eu/system/files/2022-06/ec_rtd_he-investing-to-shape-our-future_0.pdf

Horizon Europe's policy priorities are underpinned by a **Strategic Plan** split into two periods: 2021-2024 and 2025-2027. The first Strategic Plan of Horizon Europe focused on the promotion of open strategic autonomy via digital and green transformation, restoration of ecosystems and biodiversity, circular and sustainable economy, and an inclusive, resilient and democratic European society.³⁸ The planning phase for the second Strategic Plan began in 2022 and includes a consultation with citizens and stakeholders. Its adoption is expected in 2024³⁹. The two Strategic Plans are the basis for **work programmes**, which present the funding opportunities under the research framework.⁴⁰ There are three work programmes: one for the 2021-2022 period, one for the 2023-2024 and one for the 2025-2027 period. The one for 2023-2024 was adopted in December 2022 with a budget of around €13.5 billion. It will focus on funding and finding solutions for the environmental, digital, energy and geopolitical challenges that the EU is facing, and especially [Cluster 5 – Climate, Energy and Mobility](#).^{41, 42}

³⁸ European Commission (2021) *Horizon Europe: Strategic Plan 2021-2027*. Directorate-General for Research and Innovation. European Commission. Luxembourg. https://research-and-innovation.ec.europa.eu/document/download/59e6f104-9bb5-425c-b4b7-5a74953c389f_en

³⁹ European Commission (n.d) *Strategic Plan*. Research and Innovation website. European Commission. February 28, 2023. https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe/strategic-plan_en

⁴⁰ European Commission (n.d) *Horizon Europe work programmes*. Research and Innovation website. European Commission. February 28, 2023. https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe/horizon-europe-work-programmes_en

⁴¹ European Commission (2022). *Horizon Europe work programme for 2023-24 now available*. European Commission. February 28, 2022. https://cinea.ec.europa.eu/news-events/news/horizon-europe-work-programme-2023-24-now-available-2022-12-07_en





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