



## Opening statement

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 #ficompass



## **Opening statement for the webinar “Can FI help promoting rural infrastructure?”**

Dear Participants, colleagues,

Ladies and gentlemen,

### **NEEDS**

- A significant part of Europe’s population live in rural areas – 130 million people - and they are in need of having equal access to all types of modern and high-quality infrastructure (as those living in cities).
- When DG AGRI did the public consultation on the Long Term Vision for rural areas, about 40% of the respondents said that they felt left behind society and policy-makers. This is a rather alarming result that is urgently calling for actions.
- When we talk about rural areas and when we think about the infrastructure they need, we must keep in mind that:
  - There are significant differences between MS in the way rural life operates, and in this context, the infrastructure, which is available to the rural population
  - – there are examples of well-developed rural regions that can be used as models for development for other, not that advanced areas.
  - Often farmers are the core of the rural life and the infrastructure needs also to respond to their needs – take for example irrigation,
  - Depopulation and ageing are commonly faced problems, which require services and infrastructure to address their specific needs;
  - It is impossible to encourage young people and families to stay in rural areas, especially remote ones, if there is no access to sufficient level of basic services and infrastructure such as health-care, child-care, provision of food, etc. but also basic infrastructure such

as waste treatment and recycling; water supply and purification, energy production and networks.

### **Long term vision for rural areas**

- We believe that the EU needs to go closer to its rural citizens. While rural areas benefit from the EU's Common Agricultural Policy, Regional, Employment and Cohesion policies, among others, we need to do more to address rural challenges and promote their unique assets.
- For all these reasons, Commission has developed **a strong vision for our rural areas and their future.**
- This vision will look forward to how rural areas could look like in 2040.
- It should contribute to promoting the creation of jobs, upgrading infrastructure and mobility, attracting and retaining individuals especially young ones, giving them the opportunity to learn new skills.
- Rural territories should capitalise on their unique characteristics, recognising the specific role of agriculture and the agri-food sector, while also emphasising the importance of other sectors which are relevant for the future of rural areas such as energy, tourism or the circular economy, for example.
- Specific attention should also be paid to revitalise remote rural areas, to help ensure better infrastructures and digital access, educational and health services, as well as other public amenities.
- Investment gaps in infrastructure and the erosion of services in rural areas have indeed been highlighted in many recent studies.
- Of course, when we say we need a vision for our rural areas, we also need to reflect on **what we need to do to achieve this vision.**

- There should be actions, building on opportunities in line with the Green Deal, the EU's new growth strategy and giving citizens, living and doing business in rural areas, a stronger voice, as well as easy access to tools to deal with challenges.
- Clearly the success of rural development is not just a matter of European policies. All levels of governance (national, regional, local), and stakeholders, local entrepreneurs, project holders are key players and should engage in this debate.
- Europe needs to use fully and coherently the possibilities under all policies and funds supporting the development of rural areas, to make sure that all of them pull in the same direction ensuring proper autonomy of various economic activities, including sustainable agricultural production.

### **CAP legal framework**

Last week we finally saw the publication of our main regulation on the Common Agricultural Policy. Let me just outline few interventions which are important for infrastructural projects will be eligible:

- The first one is “Investments” – we have grouped all types of investments into one general intervention category – with this, we give to our managing authorities much more flexibility in managing the investment budgets.
- The new CAP will focus mostly on small-scale rural infrastructure. The definition of “small-scale” will be decided by Member States on case-by-case basis and in accordance with the specific situation in the country and the specificities of the infrastructural area.

- The legal framework however provides for large-scale investment projects if these are part of community-led local development strategies, or in the case of broadband and coastal/flood prevention.
- Another options comes under the Intervention “Irrigation” where new irrigation infrastructure could be developed, if compliant with sustainability criteria or existing one could be replaced with a more efficient and modern one.
- More opportunities will be given is under the Intervention “Co-operation”. There, the implementation of LEADER as well as of the smart-villages’ strategies is foreseen, and in this context any infrastructural project, or part of project, could be financed.
- This types of intervention may also support various forms of co-operations, which gives full flexibility of local actors such as farmers, their organisations and associations, municipalities, etc. to group together and invest in the future of their local community.
- These interventions under the CAP need to be complemented by support from the Cohesion policy would also have an impact and I trust that local led-development strategies will widely touch upon the infrastructural needs of rural areas.
- So, the question is what Financial instruments can contribute?
- One of the topics on which fi-compass started working few years ago, based on our request, was rural infrastructure. It also proved to be a rather difficult area for developing financial instruments.
- For example we have to fact that many infrastructural elements in rural areas are not profit-generating or costs-saving.
- This complicates the use of financial instruments. Maybe it is one hint that there is a need for a more global approach grouping together the types of projects that could be supported.

- I believe that there is a significant scope for enriching the investment offer for rural areas and its way of financing over the next years. Budgets, including under the CAP, are limited.
- The demand under certain fields like green economy and digitalization will only increase the need of additional resources for areas like rural infrastructure.
- Financial instruments may only be a minor part of the puzzle, but they can complement grants and give flexibility to the municipalities allowing them to complete their local investment plans.

### **The webinar**

Today we will have an opportunity to look into the question from very different points of view – the one of municipalities, research, managing authorities, organisations involving various players and financial bodies, as well as banks and to gain new insights.

I hope that the EIB study will be able to shed some light today on these aspects based on the analysis of cases of 5 EU Member States with specific focus on waste, water, sewerage systems, renewable energy and energy networks.

I wish you a fruitful discussion and I thank again all of you for being with us today.