

(English version)

**Question for written answer E-002733/25
to the Commission
Per Clausen (The Left)
(3 July 2025)**

Subject: Local action groups and the rural development programme

The aim of local action group funding is to support rural areas. One of its major advantages is that the money is distributed to local action groups that are independent of municipal authorities. This means that villages and projects can receive support even if rural development is not a priority for the local council concerned.

With that in mind:

1. With a view to fostering a lasting, reinvestment-focused effect for local communities, can the Commission state whether EU rules are preventing rural development support from being provided as loans for beneficiaries who wish to receive funding in that form, so that funds that are repaid can be included in a new round of local distribution and investment?
2. Does the Commission see future opportunities and advantages in stepping up the financing of local action group funding as a tool to bring about sustainable rural development?

Submitted: 3.7.2025

**Answer given by Mr Hansen on behalf of the European Commission
(26 August 2025)**

1. The common agricultural policy (CAP) does not prevent, but enables Member States to set up financial instruments, such as loans, guarantees and equity under the European Agricultural Fund for Rural Development (EAFRD). These can be programmed under different types of interventions, including for projects under cooperation and Leader. The targeting of the EAFRD financial instruments and the eligibility conditions are defined by the EAFRD Managing Authorities and programmed in the CAP Strategic Plans. Currently, the financial instruments are programmed in the CAP Strategic Plans of Spain and Bulgaria. Being a repayable form of support, provided by financial intermediaries (banks), financial instruments target financially viable projects, which are profitable and/or cost-saving.
2. The Commission promotes and supports Member States in creating financial instruments. The technical assistance programme fi-compass⁽¹⁾ offers a wide set of communication, analytical and dissemination material for the purpose of assisting stakeholders in the understanding, creation and use of financial instruments under the EAFRD and shared management policies. In this context, using financial instruments for projects under Leader would strengthen the progressive and sustainable development of the EU rural areas.

⁽¹⁾ <https://www.fi-compass.eu/>.