

Innovative Service Delivery: Meeting the Challenges of Rural Regions

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Overview

At previous OECD rural conferences participants stressed the importance of providing services to rural regions, describing it as both a matter of enabling them to participate in national development and a question of guaranteeing “citizens” rights’. While rural communities cannot exist without appropriate public services, delivering these core services to rural areas presents a number of unique challenges. The combination of geographic remoteness with an ageing and shrinking rural population and low tax bases questions the financial sustainability of rural services even in the most developed countries. There are major gaps that need to be addressed in the field of mobility, education, training and healthcare as well as services to businesses. In identifying responses two important points emerge: **First**, there is evidence to suggest that innovative approaches to service delivery and place-based tools are providing some solutions and having positive economic and social impact. **Second**, addressing the challenges associated with rural service delivery, such as accessibility and quality, requires wider cross sectoral coordination at national, regional and local levels well in advance of policy implementation. This conference brings together a diverse group of actors from policy makers to researchers to NGOs and others active in rural development and the services industry. The underlying theme of the conference is “how” and conference panelists will be encouraged to discuss what has worked and what has not in policies aimed at service delivery in rural areas. The objective is to foster thinking on policy targeting and facilitate shared learning by providing examples of innovative good practices in the face of resource limitations.

Opening Session: Rural service delivery: trends and challenges

Our research continues to confirm that the reality of rural regions goes well beyond the stereotype of agriculture-based, declining areas. In fact, the characteristics of rural regions vary greatly across territories. Trends such as urban to rural migration, population’s ageing and the growth of non-farm industries highlight the need for services that are adapted to the different challenges and opportunities of rural areas. The first session will set the tone for the conference by discussing the **service needs of rural regions today** and the **policy challenges** involved in delivering them. Key topics for discussion will include:

- **Access, Cost and Quality of Service:** What are the main obstacles to service delivery in rural areas? Considering population decline in many rural areas, how can services be sustained locally? Should urban communities subsidize rural ones? Do the public sector budgets sufficiently reflect the high cost of rural regions?
- **Minimum standards and policy tradeoffs:** Should basic services be provided in all locations despite population size? Should policies provide for all residents or focus on the disadvantaged?

What are the minimum standards of service delivery and is defining minimum standards a collaborative process?

- **Models of service provision:** How can governments encourage joint up services in rural areas? What should be the role of non-governmental institutions and the private sector? How about the role of financial institutions? How to translate policy into successful programs that meet local needs?
- **Monitoring and incentive mechanisms:** What do indicators tell us about improvements in services? What kind of indicators should be used to measure quality? What is the role of national targets and are they sensitive to the local context? What role for contracts, incentives and partnerships? What kind of rural proofing mechanisms can foster adequate service delivery in rural regions?

Session II: Delivering quality education, to rural regions

The capacity of regions to support learning is a key source of competitive advantage, a multiplier of economic activity, innovation, employment and development. Across OECD countries, there is agreement to guarantee minimum standards for rural citizens in terms of access and quality of education, training and life-long learning. In the second session speakers will discuss how national/regional, the local and private sector can work to realize this objective by:

- Providing education services that are more responsive to local demand.
- Introducing supplemental funding schemes that reflect the “real” costs of educating rural students with attractive teacher compensation packages to insure quality and increase retention.¹
- Shortening the travel demands related to rural education.
- Narrowing performance disparities in rural schools, encouraging competition and regional and community cooperation.²
- Decreasing the “brain drain” phenomena in rural areas and exploiting the role that "neo-rurals", and the ‘creative class’ can play in upgrading human capital in rural regions.
- Upgrading the skills and competencies of the rural population through adult education, work-based learning, and/or increasing e-learning and distance learning opportunities.

Session III: Innovative strategies for healthcare and social service delivery.

Healthcare and social services play an important role in rural development. Their provision implies policy challenges but also economic development opportunities. On the one side, migration towards urban areas leads to problems of critical mass of healthcare services for rural inhabitants. On the other side, the more recent phenomena of urban to rural migration highlights the need for healthcare provision to be supplied to the ‘new’ rural population of different age groups. This represents also a business opportunity and can turn social services into a catalyst for human and financial resources. In the third session, speakers will highlight some of the innovative measures undertaken that respond to questions such as:

- At what levels should health and social services be *present* in rural areas and to what extent should they be *available* (in as much as reachable)?

¹ For example, funding that considers the cost-of-educational staffing with salary ranges that considers not just the relative price of housing but the cost to entice a qualified teacher to teach and remain in the rural region and provides teachers with access to professional development programs (such as the Education Renewal Zones (ERZ) program which links rural schools to each other and to state teaching colleges and universities to support both student instruction and professional development).

² For example, more and more rural regions are pooling their resources to procure one or two skilled school administrators with oversight responsibility for different rural schools.

- How to deal with the special challenges facing those living in the smallest and most remote areas where there is not enough critical mass to sustain basic services? How to build effective linkages with larger centres?
- How can health and social services *integration* be advanced to increase the capacity of rural communities to offer complete ‘packages’ of services?
- What role can one centralized location (“Rural Transactions Centers” and/or “One-Stop-Shops”) play in providing better access to diverse services?
- What is the experience with alternative models for delivering **rural health care** such as cooperatives or regional centres? And about the use of home-based care and/or self-management programs?
- What technologies are there and what applications to deliver home care, and distance health promotion and health problem management?
- How to promote greater flexibility in traditionally professional roles and responsibilities (*i.e.* Nurses or community pharmacists managing common conditions, and greater reliance on community health workers or paraprofessionals) and programs that increase the number of doctors and ensure continuity of medical service (*i.e.* a Rural retention program or a Rural doctors’ Workforce Agency)?
- What is the direct and indirect contribution of health and social services to local economies?
- **For what concerns other types of social services**, how can governments mobilize adequate public and/or private resources are devoted to social housing (*i.e.* housing associations/local authorities exploring public private partnerships) and undertaking a demand-responsive approach to housing planning (*i.e.* more housing opportunities for younger people)?

Session IV Increasing rural access through ICT and transportation

Regional development strategies and spatial distribution of transport and ICT services affect accessibility which in turn influences regional competitiveness. As such, improving the transportation and ICT infrastructure in rural areas is central to reviving the rural economy. A well-maintained road network is essential for the efficient transportation of goods produced in rural areas to and from markets as well as for linking rural residents to other regions. Road density and road quality are key determinants to the rural populations’ access to services such as education and healthcare. ICT provides new ways to deal with the disadvantages of remote and peripheral areas. First it helps reduce the costs associated with physical distances. Second, it facilitates access to information and services. Third, it allows scale economies without proximity. A policy of strategic, place-based investment by national and local governments is thus needed in both ‘hard’ and ‘soft’ infrastructure. In the fourth session speakers will discuss questions such as:

- How to strike the balance between equity and efficiency in planning and operating public transport infrastructure?
- How can governments promote smart land use management and location efficient *development* considering rural transportation impact and costs (*i.e.* development into settlement versus dispersal)?
- What alternative transportation options for rural areas (*i.e.* ride share programs, school trip management, telework, transit improvements)?
- What is the impact on rural areas of incentives to move to public transit (*i.e.* road pricing, commuter financial incentives)?
- High cost of infrastructure deployment leads to weak demand for ICT services which further increases the cost of infrastructure and discourages rural businesses which leads again to lower and declining population. How can this cycle be broken?

- What role for subsidised supply, direct public provision or enhanced private competition in the ICT sector?

Session V: Fostering business and financial services in rural areas

Business and financial services are essential to stimulate rural job creation and reinvigorate the rural economy. The evidence throughout rural areas in both OECD and non-Member Countries shows that regional development agencies, banks and other financial institutions can play a key role not only as credit providers but also as advisers, seed-founders, trainers, evaluators etc. **The unique knowledge, expertise and resources held by these institutions can substantially increase the effectiveness of local partnerships and the feasibility and success of rural development projects.** Moreover, a deep and broadly-based rural financial system can address rural poverty by improving the financial access of low-wealth households, and boost growth assuring that rural enterprises are positioned to participate in new markets and opportunities. In this session the presenters will consider the role of governments and private financial institutions in:

- Fostering a locally based entrepreneurial culture and the creation of rural businesses that are competitive globally.
- Providing services that are tailored to the needs of rural businesses (such as business management training and business development programmes).
- Balancing the use of direct aid measures (grants, interest subsidies, and start-up assistance) to support businesses with indirect aid policy measures as incentives to financial institutions and encourage investors.
- Encouraging large scale and typically urban-based funders to provide capital to rural areas.
- Determining the different options for Public Private Partnerships (PPP) involving financial institutions.
- Coping with the lack of an enabling business environment (such as the limited presence of local bank branch offices; lack of property rights and properly functioning legal system; small size and volume of deals; high default rates and difficulties for recovering credit; small size loans and the high ‘cost’ of information).
- Helping **business networks** to build scale and reduce costs, develop information flows and trust mechanisms.

Session VI: Service delivery and the future of rural regions: a framework for action.

What have we learned? How can services contribute to exploit the potential of rural regions? How can policy help to identify and deliver services that are well adapted to the characteristics and development dynamics of different rural communities? Who should do what and with what resources? In the final session, speakers will highlight some important issues that emerged from the conference and identify transferable practices to shape the way forward. The speakers in this session will share their views and experience on the topics discussed and will provide 5 key take aways for the audience and for the OECD to consider for future work.

Recommended Sources

Trends and Challenges in rural areas.

1. OECD (2006) *New Rural Paradigm*, OECD Paris
2. Wilson, Brian (2006) “Rural Services: provision and accessibility”, in Jane Midgley (ed), *A new rural agenda*, The Institute for Public Policy Research

Education

3. OECD (2005) *Attracting, Developing and Retaining Effective Teachers - Final Report: Teachers Matter*, OECD Paris
4. Jimerson, Lorna, (2006) *The Hobbit Effect: Why Small Works in Public Schools*, Rural Trust Policy Brief Series on Rural Education
5. Jimerson, Lorna, (2006) *Breaking the Fall: Cushioning the Impact of Declining Enrollment*, Rural Trust Policy Brief Series on Rural Education
6. Malhoit, Gregory, (2005) *Providing Rural Students with a High Quality Education*, Rural Trust Policy Brief Series on Rural Education

Healthcare and Social Services

7. OECD (2007), *Improved Health System Performance through Better Care and Coordination*, OECD Paris
8. Steven Simoens, (2004) *Experiences of Organization for Economic Cooperation and Development countries with recruiting and retaining physicians in rural areas* Faculty of Pharmaceutical Sciences, Catholic University Leuven, Belgium
9. EM Rygh, P Hjortdahl, *Continuous and integrated health care services in rural areas. A literature study*
10. Margaret Alston PhD, M Litt, B Soc Stud *Globalisation, rural restructuring and health service delivery in Australia: policy failure and the role of social work?* Centre for Rural Social Research, Charles Sturt University, Wagga Wagga, New South Wales, Australia

ICT and Transportation

11. OECD (2003), *The Development of Broadband Access in Rural and Remote Regions*, OECD Paris
12. OECD (2007), "Infrastructure to 2030-Main findings and Policy Recommendations", *Infrastructure to 2030 – Vol. 2 Mapping Policy for Electricity, Water and Transport*, OECD Paris

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13. OECD (2007), *The SME Gap, Volume II Proceedings of the Brasilia Conference*, OECD Paris
14. Colin Lindsay, Martin McCracken, Ronald W. McQuaid, *Unemployment duration and employability in remote rural labour markets* Journal of Rural Studies 19 (2003) 187–200
15. Dimitris Skuras, Nicolas Meccheri, Manuel Belo Moreira, Jordi Rosell and Sophia Stathopoulou, *Entrepreneurial human capital accumulation and the growth of rural businesses: a four-country survey in mountainous and lagging areas of the European union*, Journal of Rural Studies 21 (2005) 67-79
16. Brian Garrod, Roz Wornell, Ray Youell, *Re-conceptualising rural resources as countryside capital: The case of rural tourism*, Journal of Rural Studies 22 (2006) 117–128