

# OECD Principles on **RURAL POLICY**

---





# *Better rural policies for better lives*

What makes a rural community a good place to live, work, run a business, start a family and grow old? It is a whole variety of factors—from the quality and accessibility of services like schools and health care to environmental amenities, opportunities to start and grow businesses and even social trust and community leadership. Recognising this, OECD countries are increasingly embracing a holistic lens on rural development, focusing on well-being across its many dimensions.

The Principles on Rural Policy crystallise over 20 years of the OECD's work on rural development. They are based on the premise that place-based policies should:

- ✓ Deliver well-being to all;
- ✓ Be underpinned by sound multi-level governance and community-led development;
- ✓ Prepare rural areas for technological, demographic and environmental change;
- ✓ Address the diversity of challenges and opportunities facing rural areas; and
- ✓ Be informed by sound evidence and data at the right scale.

# Over 20 years of rural development at the OECD

The Principles on Rural Policy have been shaped by the OECD's **Working Party on Rural Policy** and the **Regional Development Policy Committee**. Since 1994, trends and best practices of rural policy are discussed, analysed and shaped in this unique international forum. Its work centers around:

- **National Rural Policy Reviews:** Comprehensive reviews of rural policy for individual countries
- **Thematic Studies:** Analysing various aspects of rural policy, including
  - Innovating the rural economy
  - Service Delivery
  - Mining and extractive industries
  - Economic Development of Indigenous communities
  - The governance of land use
  - Renewable energy
  - Urban-rural linkages
  - Food security and nutrition
- **Rural Development Policy Conferences:** Strengthening existing networks of policy officials and fostering knowledge-sharing on rural policy



# *Developing the Principles on Rural Policy*

The Principles on Rural Policy were developed through a comprehensive review process with OECD member countries and key stakeholders. They are targeted to: i) National ministries dealing with rural areas in OECD members and partner countries; ii) subnational levels of government and iii) stakeholders involved in or affected by rural policy (e.g. from civil society, the private sector, academia or financial institutions).

The Principles on Rural Policy address the following questions:

- What is the right **scale** for rural policy?
- How do we develop a coherent **strategy** that coalesces objectives, funding and incentives across different sectors and across levels of government?
- How can we engage all the relevant **stakeholders** throughout the policy cycle?
- How can they be **implemented best**?

## **Engagement and review process**

*Sept. 2018 Draft Principles sent to Working Party on Rural Policy (WPRUR) delegates for comment and review*

*Draft discussed with Steering Group in Paris*

*Draft discussed with WPRUR and Regional Development Policy Committee (RDPC) delegates*

*Draft shared in a webinar with rural policy stakeholders from across the OECD*

*Draft shared with over 2000 rural stakeholders from across the OECD*

*Final draft shared with WPRUR delegates*

*Draft approved by WPRUR and RDPC*

*March 2019: Principles on Rural Policy launched at the OECD Ministerial meetings on Regional Development in Athens, Greece.*



[1]



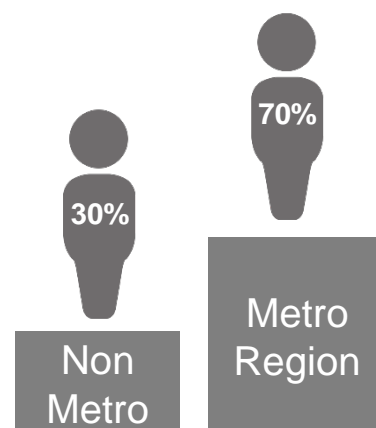


## Maximise the potential of all rural areas

- Leverage the **unique assets of each rural area** to adapt and respond to emerging mega-trends (digitalisation, globalisation and trade, climate change, population ageing, and urbanisation); and
- Adapt policy responses to **different types of rural regions** including rural areas inside functional urban areas (cities and their commuting zones), rural areas close to cities and rural remote areas.

*Rural is not synonymous with decline. Some of the fastest growing OECD regions are rural - others, especially peripheral, are lagging further behind. The OECD's Principles on Rural Policy argue for adjusted and upgraded policy-mixes with a view to capitalise on the opportunities presented by new technologies and changing preferences that could and should make rural areas far more attractive—increasing competitiveness and spreading well-being to all. They go beyond the traditional urban - rural dichotomy and argue for an integrated, functional and systems logic that builds on coordinated bottom-up actions as well as top-down approaches.*

- Dr. Peter Wostner, Chair of the OECD Working Party on Rural Policy



30% of the population in OECD countries live in non-metropolitan regions. That is, regions that have lower population densities and where less than 50% of its population live in a Functional Urban Area.



[2]





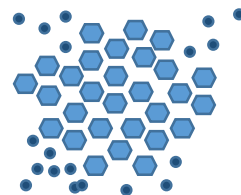


## Organise policies and governance at the relevant geographic scale

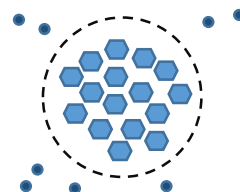
- Implement rural policies at **different scales** that match with **functional relationships** (e.g. local labour markets, food chains, environmental services and amenities) based on current and future needs; Ensuring that there are effective government mechanisms at the relevant scale to realise rural policy objectives; and
- Encourage the efficient and effective provision of **public services and infrastructure** (e.g., shared services, integrated service delivery, e-services) in order to maintain quality and accessibility, address market failures, and respond to emerging needs, especially in underserved rural communities.

### Different types of rural areas

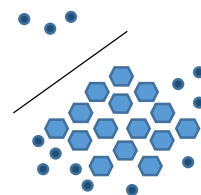
Rural inside a metropolitan regions



Rural close to metropolitan regions



Rural remote



[3]





## Support interdependencies and co-operation between urban and rural areas

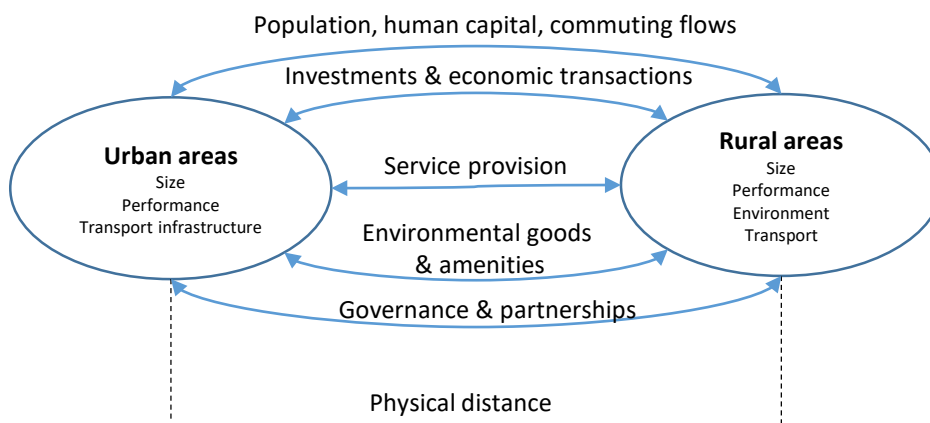
- Leverage the spatial continuity and **functional relationships** between rural and urban areas in order to inform public investment and programme design; and
- Carry out **joint strategies** and fostering win-win rural-urban partnerships, as appropriate, to promote an **integrated development approach**.

### Getting the incentives right

Municipalities are often set up to compete with one another – even the smaller ones. This can lead to uncoordinated development and expansion that is difficult to service and provide infrastructure to.

Governments should promote rural-urban partnerships by:

- ❖ Aligning fiscal incentives to partnership goals
- ❖ Ensuring coordination incentives exist in spatial planning legislation
- ❖ Creating legal partnership forms: e.g., shared service agreements





[4]





## Set a forward looking vision for rural policies

- **Improve well-being** for rural dwellers across economic, social and environmental objectives;
- Ensure that responsibilities and resources across levels of government are clearly defined and **effectively aligned with national targets** and strategies, place-specific needs, and the Sustainable Development Goals;
- Ensure that rural policy objectives benefit from **foresight studies**, are **measureable at different scales** (administrative and functional) and **connect to policy levers**;
- Provide access to **data tools** such as geographic information databases, smart data and small area data and strengthening capacity building in order to help national and sub national governments involved in rural policy-making prepare for demographic change, climate change and the transition to a low-carbon economy, digitalisation and the next production revolution; and
- **Promote integrated spatial planning** that considers such factors as environmental quality, waste management, natural resources development, community attractiveness, climate change mitigation and adaptation and population ageing and out-migration

### Planning for the future....

the highest elderly dependency ratios – the share of population aged 65 and over as a percentage of the population aged 20-64 – are present in non-metro regions close to metro regions with:

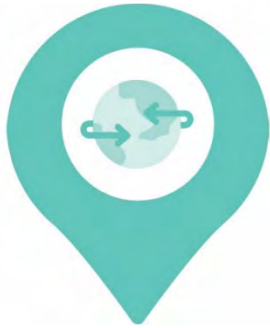
33.5%



[5]







## Leverage the potential of rural areas to benefit from globalisation, trade and digitalisation

- Create an **enabling environment** for rural areas to identify and invest in their areas of competitive advantage such as tradeable activities and adding value to rural assets;
- Invest in **digital connectivity** to enable the use of next generation technologies in rural areas such as cloud computing, artificial intelligence, the internet of things, and blockchain technologies among others; and
- Facilitate the **decentralisation of production** (e.g. renewable energy and 3D manufacturing) through supportive policies and regulations.

### The rural-urban broadband divide is closing...

- The rural-urban broadband gap has been closing in almost all OECD countries since 2010.

### ...But the quality of broadband remains behind in many rural areas.

- In 2016, just 56% of rural households had access to fixed broadband with a minimum speed of 30 Mbps, in comparison to over 85% in other areas.

[6]





## Support entrepreneurship to foster job creation in rural area

- Enhance **technological innovation** and diffusion in order to overcome the barriers of physical distance and lower density such as higher transportation costs and thin labour markets present in rural areas;
- Promote **innovation** and **value-added activities** in established (e.g., agricultural and industrial production, logistics) and emerging (e.g., bio-economy, renewable energy, biotechnology, tourism) sectors;
- Support the **integration of local SMEs** into global value chains and the scope for diversification of rural economies through investments in entrepreneurial skills, infrastructure, and cluster initiatives;
- Support entrepreneurs and SMEs in rural areas to **access capital** (e.g., through finance support schemes, lending to microbusinesses); and
- Connect rural people and firms with **lifelong educational training opportunities** and skills upgrading in universities, research centres, manufacturing extension centres, agricultural advisory services and vocational institutions.

### Understanding Rural Innovation

The United States Department of Agriculture undertook a broad study to better understand innovation in rural areas.

- Metro areas are slightly more innovative – 20% of rural firms are substantive innovators, compared to 30% of firms in metro areas;
- Non-metro areas have a slightly higher rate of substantive innovation for large firms, while urban areas win in their rate of by small and medium-size firms.
- Rural areas tends to innovate in patent-intensive manufacturing in industries, while urban areas have higher rates of innovation in services.



[7]





## Align strategies to deliver public services with rural policies

- Assess the impact of **key sectoral policies** (e.g., transportation, health, education) on rural areas and diagnosing where adaptations for rural areas are required (e.g., rural proofing);
- Recognise where **policies and regulations** create additional barriers to the provision of public services in smaller places and responding with innovative solutions;
- Incentivise **innovative practices** such as flexible models of service delivery and leveraging advances in digital technologies to deliver e-services (e.g., e-health and remote education); and
- Develop **smart rural villages and towns** by promoting digitalisation complemented by training for public sector personnel and residents to navigate and use e-services.

The challenge of service provision in rural areas together with growing demand (due to population aging) and increasing costs, has led governments—national, regional and local—to look for new ways to provide services beyond traditional models, such as:

- Integrating servicing by joining up benefits
- Adopting flexible service models like mobile services
- Co-locating and co-delivering services
- Expanding e-services



[8]







## Strengthen the social, economic, ecological and cultural resilience of rural communities

- Ensure the sustainable management of **natural capital, land-use** and enabling the creation of value from **ecosystem services** (e.g., flood protection services, increasing biodiversity on agricultural lands);
- Support a comprehensive and just approach to **climate change adaptation and mitigation** for rural areas (e.g., food production, soil management, water use), and developing robust systems for disaster response and recovery;
- **Decarbonise the energy sector** by taking advantage of renewable energy opportunities and supporting the shift to a circular economy (e.g. bio-waste, sustainable mining practices);
- Value, promote, and preserve **tradition, heritage and cultural assets**; and
- Ensure that rural areas have **institutional capacity, good governance** and **funding** to fulfil their roles and deliver high quality of life for residents, from youth to seniors.

### Towards more sustainable land use

- Land present in rural areas is fundamental to absorbing carbon from the atmosphere. Forest and wetlands function as natural carbon sinks absorbing roughly one third of global emissions.

IPCC (2019). Climate Change and Land. [https://www.ipcc.ch/site/assets/uploads/2019/08/4.-SPM\\_Approved\\_Microsite\\_FINAL.pdf](https://www.ipcc.ch/site/assets/uploads/2019/08/4.-SPM_Approved_Microsite_FINAL.pdf)

### Decarbonising the energy sector

- The share of renewable technologies meeting global energy demand is expected to increase by a fifth, reaching 12.4% in 2023.

IEA (2018), Renewables 2018: Analysis and Forecasts to 2023, IEA, Paris, [https://doi.org/10.1787/re\\_mar-2018-en](https://doi.org/10.1787/re_mar-2018-en).



[9]







## Implement a whole-of-government approach to policies for rural areas

- Engaging with all sectors and levels of government to **integrate national policies** that improve the wellbeing of rural areas;
- Identifying and addressing the **barriers to policy coherence** across ministries, public agencies and levels of government; and
- Setting **incentives, regulations and coordination mechanisms** to mitigate conflicts and manage trade-offs (e.g., land use, mining, agriculture, energy and water); and
- **Maximise policy complementarities** across sectoral strategies through integrated and coordinated rural policies (e.g., coordinating transportation investments with health and education services).

Lead ministries for rural development across the OECD

**59%** Agriculture ministries

**15%** Economy and development ministries

**12%** Central government agencies

**9%** Infrastructure ministries

**5%** Other Agencies / Ministries



CCTV in operation  
No smoking

31  
SIMPSON  
LOAN

[10]

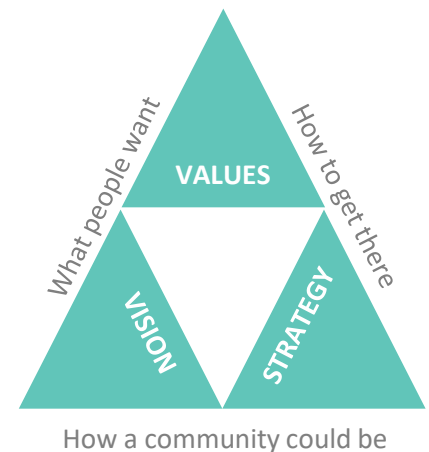




## Promote inclusive engagement in the design and implementation of rural policy

- Engage a **diversity of stakeholder voices**, including those that are underrepresented and/or marginalised, in the policy process and empowering local and regional stakeholders to be partners in policy elaboration;
- Engage with the **private and not-for-profit sectors** and leveraging their expertise and resources to deliver better outcomes for rural areas; and
- Harness **innovative mechanisms and digital technologies** to develop new ways of disseminating public information, generating and using data, and consulting and engaging citizens in decision-making (e.g., participating budgeting, rural observatories).

Connecting vision to strategy



[11]







## Foster monitoring, independent evaluation and accountability of policy outcomes in rural areas

- **Evaluate** rural policy initiatives and outcomes and communicating progress in meeting them in an ongoing manner in order to improve policy design and implementation;
- Develop **outcomes indicators** in order to assess and benchmark rural well-being through economic, social, environmental and other performance indicators;
- Provide **accessible data** that is easy-to use in order to help rural communities and stakeholders identify priorities and monitor progress;
- Explore innovative methods of **data-collection** that address the challenges of confidentiality that are inevitably part of small-area analysis; and
- Assess the **process and outcomes** of different steps of public engagement in order to learn, adjust and improve accordingly.

*How do we know if rural policies are having their intended effect?*

*Good data, monitoring and evaluating outcomes has helped us understand what works and what doesn't, where to focus our efforts and where to change direction. We provide in depth assessments of rural areas, their assets and conditions and how they are changing over time.*

- Dr. Monika Stanny, Director of the Institute of Rural and Agricultural Development of the Polish Academy of Sciences



More information:

[www.oecd.org/rural/](http://www.oecd.org/rural/)

---

**Follow us on Twitter: OECD SMEs, Regions, Cities**

@OECD\_local #OECDRural

