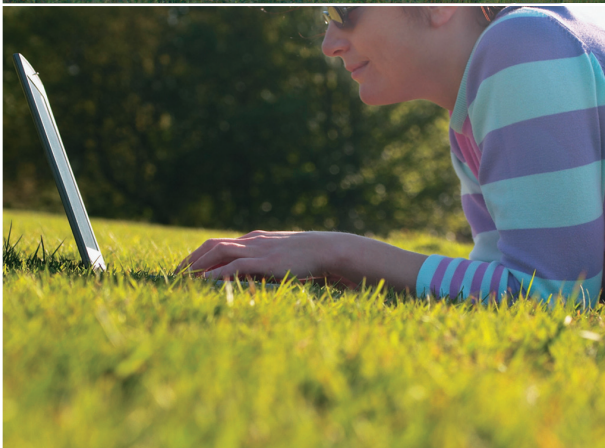


OECD Rural Policy Reviews

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Foreword

With gains in agricultural productivity leading to a dramatic reduction in farm employment, rural regions across the OECD now depend on a wide range of economic engines for growth. Increasing globalisation, improved communications and reduced transportation costs are additional drivers of economic change in rural areas. Traditional policies to subsidise farming have not been able to harness the potential of these economic engines. In 2006 the OECD published a thematic report *The New Rural Paradigm: Policies and Governance*, which seeks to explain the shift in rural development policies to account for these important economic changes and the new approach to governance that these policy approaches require.

Policies to develop rural places are beginning to take into account the diversity of economic engines as well as the diversity of rural region types. On the aggregate, rural regions face problems of decline with out-migration, ageing, a lower skill base and lower average labour productivity that then reduce the critical mass needed for effective public services, infrastructure and business development, thereby creating a vicious circle. However, there are many other rural regions that have seized opportunities and built on their existing assets, such as location, natural and cultural amenities, and social capital. The success of such dynamic rural regions is evident in regional statistics.

Promoting rural development poses numerous policy and governance challenges because it requires co-ordination across sectors, across levels of government, and between public and private actors. OECD countries have therefore been undergoing a paradigm shift in their approaches to accommodate such important challenges. The most defining characteristics of this shift are a focus on places rather than sectors and an emphasis on investments rather than subsidies.

The multi-disciplinary nature of rural development has contributed to the lack of comprehensive analytic frameworks to analyse and evaluate multi-sectoral, place-based approaches. The OECD will continue to work with other stakeholders world wide to fill this knowledge gap. The OECD's work on rural development through the Group of the Council on Rural Development, created in 1990, was intensified with the creation in 1999 of the Territorial Development Policy Committee (TDPC) and its Working Party on Territorial Policy in Rural Areas. These bodies provide governments with a forum for discussing regional and rural development. In early 2006, under TDPC's guidance the Directorate of Public Governance and Territorial Development (GOV) launched a series of National Rural Policy Reviews, such as this one, to deepen international knowledge in this field.

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The Review was directed by Mr. Mario Pezzini (Head) and co-ordinated by Mr. Nicola Crosta (Administrator) of the Regional Competitiveness and Governance Division.

The final report was drafted by Mr. Nicola Crosta and Ms. Karen Maguire of the OECD Secretariat. Individual contributions on methodology were provided by Mr. José Antonio Ardavin of the OECD Secretariat. External contributors were Prof. David Freshwater (University of Kentucky, United States) and Prof. Franco Mantino (INEA, Italy).

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Assessment and Recommendations

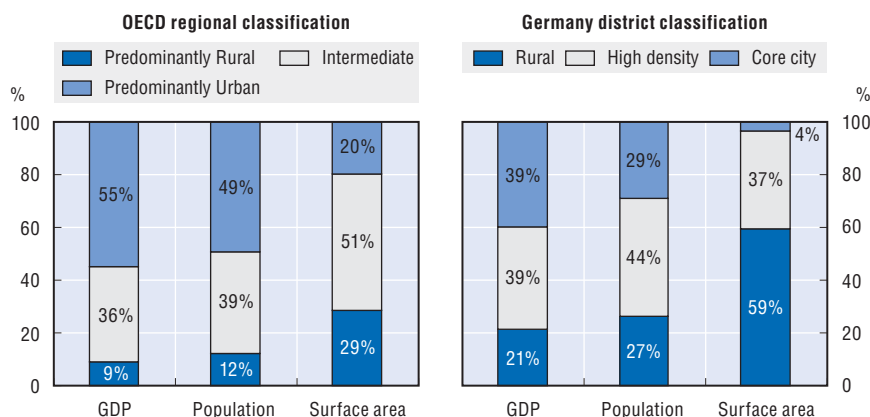
NOTE

Please note that this publication contains a French and German version of the Assessment and Recommendations of the review at the end of the book.

Veuillez noter que cette publication contient une version française de l'évaluation et des recommandations de la revue à la fin du livre.

Bitte beachten Sie, dass am Ende dieser Veröffentlichung eine deutsche und eine französische Fassung der Gesamtbeurteilung und Empfehlungen des Berichts abgedruckt sind.

Figure 0.1. Rural Germany defined



Source: OECD (2007a), *OECD Regions at a Glance*, OECD Publications, Paris, France, forthcoming; and calculations based on BBR (2005a), *INKAR: Indikatoren und Karten zur Raumentwicklung* (CD-ROM), Bonn, Germany.

Profile of rural Germany: challenges and opportunities

Rural areas in Germany are generally close and well connected to urban centres...

There is a great degree of spatial heterogeneity in terms of challenges and opportunities of German rural areas. While there has been considerable progress since reunification in integrating the New and Old *Länder* into an enlarged nation, there are still significant differences between the East and West and many of these have clear rural dimensions. Germany is one of the most densely populated countries in the OECD and its population is evenly distributed throughout its territory (ranking 5th out of 29 in the OECD Concentration Index). Half of rural residents are living in a rural district in proximity to an agglomeration or urbanised area, providing great opportunities for urban-rural linkages. In fact, 45% of rural residents live in districts where at least 50% of municipalities are located within 30 minutes by car to a supra-regional centre. This high level of accessibility is attributable to the polycentric (multiple urban centres) settlement structure supported by an excellent transportation infrastructure.

The economic structure of rural regions is similar to “intermediate” regions, with agriculture playing a minor and declining role...

Rural and higher density “intermediate” districts possess a similar economic structure, both in terms of employment and GVA. That breakout in terms of employment is 5% in the primary sector, 30% in the secondary sector and 65% in the tertiary sector. In contrast to core cities, rural districts have a somewhat higher per cent of manufacturing (mainly of materials and components) and significantly fewer professional services. Agriculture plays a minor and declining role in rural regions, with a GVA of 2.9% and a 4.7% share of employment, albeit these statistics may understate the importance of backward and forward linkages. The nominal growth of GVA in agriculture is actually highest in core cities (see Table 0.1).

Table 0.1. Economic sector (GVA) by region type

	Core cities (%)	High-density districts (%)	Rural districts (%)
Share of farming, forestry and fisheries in the gross value added (GVA) 2003	0.2	1.5	2.9
<i>Growth rate 1998-2003 (per annum)</i>	<i>0.8</i>	<i>-1.4</i>	<i>-1.3</i>
Share of the manufacturing sector in GVA 2003	26.4	31.8	30.2
<i>Growth rate 1998-2003 (per annum)</i>	<i>-0.8</i>	<i>0.4</i>	<i>0.2</i>
Share of services in GVA 2003	73.4	66.7	66.9
<i>Growth rate 1998-2003 (per annum)</i>	<i>2.3</i>	<i>2.7</i>	<i>2.6</i>

Note: Nominal growth rates.

Source: Working group on “National Accounts of the Länder”, BBR calculation as cited in BMELV (2006a), “Background Report for the OECD Case Study on Rural Policy in Germany”, Draft Document, 20 March.

... and opportunities emerging in other sectors, which drive the dynamism of many rural districts, mostly in the West...

Some rural regions are exhibiting economic dynamism even if many rural districts are among the poorest performing districts. While few East German districts experienced a growth in employment in 2003 as compared to 1995, in West Germany more than two in five rural districts did. In terms of firm starts, of the 20 top-ranked districts in 2004, seven are rural, albeit only one was from East Germany. There exist opportunities for sustainable economic development in terms of both agriculture and non-agriculture land uses. There is a potential for exploiting new markets such as renewable energy, farm tourism, marketing of farm produce, maintenance of rural landscapes, and

services for older populations, among others. Economic diversification is providing new opportunities for farm households. New farm-related income sources include higher value added agricultural products such as organic farming. For instance, Uecker-Randow, the district in Mecklenburg-West Pomerania with the lowest disposable income in Germany, is actively pursuing this potential and has one of the highest per cent of farmland dedicated to organic farming (23.7%). In 2004, 3.9% of all farms were organic. Farm tourism and marketing of own produce are other opportunities now being exploited by German farmers.

... and contribute to keep rural income close to the national average.

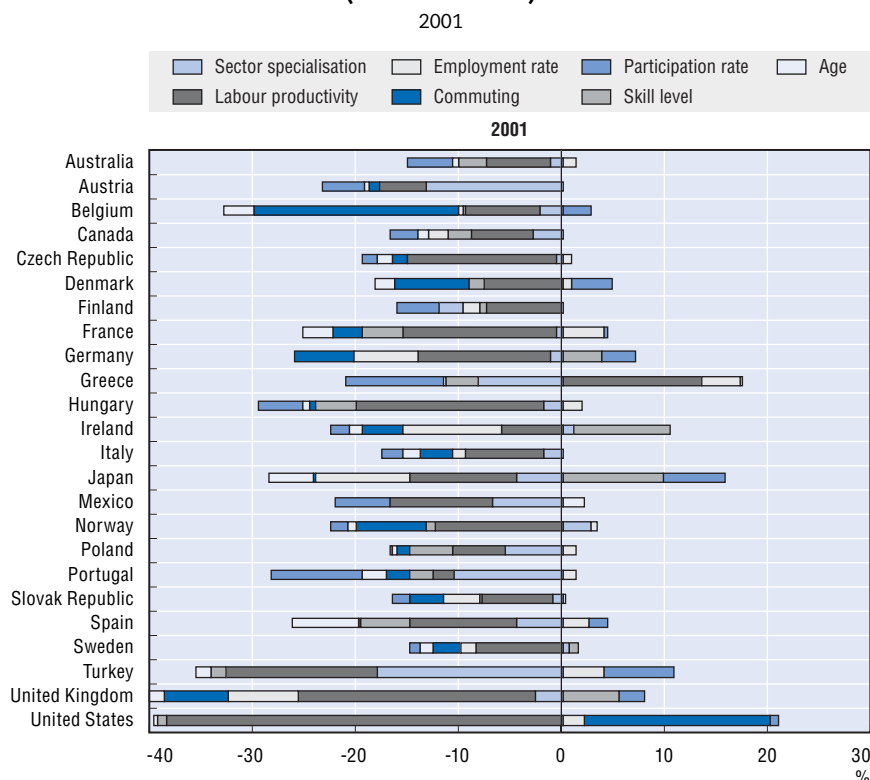
Rural regions lag behind other region types on several indicators of income, although that gap is stable to improving. The trend in GDP per capita by region type in Germany is comparable to findings within other OECD countries. Rural regions are at 80% of the national average for GDP per capita. In comparison, that figure was 88% for high density districts and 136% for core cities in Germany in 2004. East versus West Germany disparities in GDP per capita are striking for all region types. Disposable income per inhabitant is clearly lowest in rural districts. However, the annual growth rate for rural districts was the same (2.1% West Germany) or higher (2.9% East Germany) than for core cities.

German rural regions face challenges in terms of employment, availability of skilled workers and labour productivity...

Unemployment by region type varies between East and West Germany, but high-skilled workers are generally lacking in rural areas throughout the country. Rural districts exhibit the highest rates of unemployment within East Germany (20.4%), although in West Germany rural districts have lower unemployment rates relative to urban areas. While the level of low-skilled workers is not radically different between rural districts and core cities, the share of the labour force that is highly skilled is more than double in core cities as compared to rural areas (10.7% versus 4.6% in West Germany, 15% versus 8% in East Germany). An analysis of GDP per worker reveals a somewhat lower level of disparity across region types. Rural districts have on average a GDP per worker of 91% the national average, with cities at 109% and suburban districts at 99%. As in most other OECD countries, a lower labour productivity (GDP per worker) is a main driver of a lower average GDP per capita. The differences in employment rate, as well as commuting, also explain this lower level

performance in predominantly rural regions in Germany. These factors explain more of the gap than sectoral specialisation or the proportion of old residents (see Figure 0.2).

Figure 0.2. **Determinants of the national-rural GDP per capita gap (OECD countries)**



Source: OECD (2006b), *The New Rural Paradigm: Policies and Governance*, OECD Publications, Paris, France.

... as well as in terms of demographic trends...

Population growth across Germany's rural regions is highly variable leading to increasing disparities in population density. Those rural counties close to large agglomerations are gaining population rapidly through migration (+8.4% from 1994-2004), while sparsely populated peripheral regions continue to depopulate (-2.3% from 1994-2004). In East German rural districts, this out-migration compounded by the general ageing of the population (the number of persons over 75 will grow by 45% in West Germany but 75% in the East by 2020) is the most severe and is expected to grow more acute in the future.

The out-migration of young adults from rural regions is particularly serious: the percentage of youth 18-29 that leaves a rural district annually has increased nearly fivefold (from -3.7 per 1 000 to -18.2 per 1 000 in that age bracket between 1995 and 2004) (Table 0.2 further illustrates this problem). While many rural migrants return to their place of origin there is evidence of the most skilled remaining in urban areas.

Table 0.2. **Migratory balance by district type and age, 1997-2004**

Type of district	Under 18	18-29	30-49	50+
Core cities	-190 600	990 700	-499 400	-340 300
High-density districts	318 500	62 500	352 300	115 400
Rural districts	200 500	-237 100	226 600	233 300

Source: BBR (ongoing spatial monitoring) as cited in BMELV (2006a).

... which pose problems for the future financial sustainability of public service delivery in several areas.

Despite the relative remoteness of some rural districts, Germany's constitutional requirement for equal access to basic public services, is at present, largely observed. Residents throughout the country have access to basic telecommunications, health care and education (primary and secondary). There are, expectedly, some differences in terms of distance to access services as well as the diversity of options available. Health care services are generally better in the West than in the East. In terms of education, the differences in basic access by region type are most notable at the tertiary level. Some services of public interest such as retail, post and banks are growing thinner in some more remote locations. There are also deficits in terms of libraries and kindergarten/child care facilities. While basic telecommunications infrastructure is available throughout Germany, broadband access is more difficult in peripheral areas, particularly in East Germany. Given the current settlement pattern, projected demographic trends and impacts on tax bases, the capacity of public finances to sustain the current level of public services in many regions is of major concern. Of the rural population, 31% (6.9 million) live in districts that are expected to have above average or high levels of public service sustainability problems. For instance, in some remote regions, such as the Mecklenberg Lake District, some localities may have no family doctors by 2010, and even middle and high level centres would experience significant losses.

In a nutshell, data reveal the overall favourable conditions of rural Germany but also a wide diversity of rural regions in terms of demographics, economic

performance, assets, and proximity to urban centres. The East versus West divide is significant in many aspects. What is the German policy approach to address such diverse, complex development dynamics?

Towards a more effective and efficient rural policy for Germany

On the one hand, Germany's approach to RD policy is mostly sectoral, focusing on agriculture...

The German Constitution provides for institutional arrangements among levels of government, the so-called “joint tasks” (Art. 91 and 104) on selected policy fields of national interest. The improvement of agrarian structure and coastal protection, as well as regional development policy are organised as joint tasks (the GAK and GRW respectively). Germany's main rural policy framework (the GAK) provides useful space for vertical dialogue but, despite recent improvements, it is partly ineffective in terms of producing a place-based approach to rural development. GAK focuses on agriculture and its current “menu approach” doesn't seem to favour the elaboration of a coherent, widely supported strategy for rural areas. As a result, the German approach to rural policy and its funding tend to complement EU agricultural policy rather than contribute to a national, strategic policy for rural development. Although this approach was justified at the time of the creation of the GAK, it is poorly adapted to the present characteristics of rural Germany. Due to a relatively narrow framework set at the supranational level (Community Regulation No. 1698/2005), the 2007-2013 National Plan for Rural Development can fill only partially this gap.

... on the other hand, regional policy impacting on rural areas suffers from a remedial, top-down nature and limited territorial scope.

Regional policy developed under the Joint Task GRW covers all the New *Länder* and is thus *de facto*, largely rural policy. Limitations derive from its remedial, top-down nature, as well as from its geographically limited scope. GRW is mostly conceived as a mechanism to compensate for structural disadvantages more than a tool to increase competitiveness and job creation. Moreover, Germany's regional development policy suffers from a growing urban bias which tends to overlook the development dynamics of rural areas. The disconnect between a regional, urban-focused policy, and a weak rural policy raises concerns in terms of the government capacity to cope with rural-urban linkages, particularly relevant in Germany due to its geographic and demographic structure. Also, a key emerging challenge, within the present policy approach, is posed by the difficulties in

introducing a strategic, place-based approach to service delivery across rural areas, especially those hardest hit by ageing and out migration.

Key priorities of an effective RD strategy should include 1) investing on rural business development and innovation...

Five priority areas are identified which are key to addressing cross-cutting determinants of rural competitiveness and social cohesion. The first is fostering business development and innovation through the provision of public goods and territorially targeted education and training policies. Following good practices across the OECD, the prevailing logic should be one of increased investments and employment creation, rather than subsidies, in sectors (such as amenity-based tourism, manufacturing SMEs, energy production and services to the elderly) bearing potential given national and international trends. Focus should be placed on providing services that rural businesses often lack as well as skills development programmes that are adapted to the needs and opportunities of different places. A key point is that innovation policy should recognise differences between urban and rural and thus focus primarily on tackling those barriers that prevent the assimilation of external innovation in rural regions, rather than relying only on R&D investments.

... as well as 2) support to amenity-based and energy-based development...

Landscape related amenities offer a potentially underexploited tool for economic development through tourism. Many of the areas with the highest value on a scale concerning the tourist appeal and quality of the landscape are rural areas. In fact, 55 of the 193 rural districts in Germany have above average scores on this scale (top two categories). Thirty-three of those 55 rural districts are actually located in broader regions that are facing economic problems and sources of out-migration. None of those top-scoring districts are rural districts near agglomerations. This highlights the scope for policies to support amenity-based development especially in rural regions that are currently lagging behind.

Renewable energy sources provide other opportunities for rural areas in a context in which EU and national level policy support the demand for such energy sources. In Germany, renewable energy sources account for 170 000 jobs, EUR 16 billion in revenue, and EUR 4.1 billion in exports. An increasing portion of energy is coming from renewable sources, with the greatest growth in wind and biomass generation. In 2003, 8% of arable land was used to cultivate renewable raw materials. Current growth of wood exceeds annual

harvest, providing additional biomass possibilities. Wind, energy and water energy generation are additional opportunities in some rural regions. Germany actually has the highest total installed wind energy in the world. Exploiting this potential will require strong co-ordination between energy policy and rural development strategies so to maximise rural jobs and income creation and minimise environmental problems.

... and 3) service delivery in more remote rural regions.

The strain on public finances to ensure delivery of services is starting to show in the more sparsely populated peripheral areas, mainly in East Germany. This is the result of faster rates of ageing, depopulation and lower tax bases. Demographic projections show that these trends will only get worse. The economic sustainability of such services should be pursued by modernising delivery in key sectors such as health care and education. German policy makers at both national and *Länder* levels have recognised the urgency to take action in order to cope with these challenges. The 2003 resolution on “Securing and developing public services against the background of demographic change” was endorsed by the Conference of *Länder* Ministers of Regional Planning (MKRO). A remarkable effort with the “Demonstration projects of Spatial Development” (MORO) was carried out by the Federal Ministry of Transport, Building and Housing during 2001-2004 in order to test solutions to rural service delivery. However, the strategic provision of services through innovative place-based approaches is still an exception in most German *Länder*. Building on several good practices in OECD countries, these exceptions could be developed into a national, place-based strategy for service delivery based on innovation and resource pooling as means to find acceptable solutions to equity-efficiency trade-offs.

An integrated policy for RD will require 4) governance reforms, at the central level to allow for “rural-proofing” of national policies...

The governance of rural policy is hampered by difficulties in terms of horizontal co-ordination of public and private actors involved in rural policy as well as in terms of co-ordination mechanisms through different tiers of government. For what concerns central level governance of rural policy, three priorities for action emerge. Firstly, consider the rationalisation of responsibilities over rural issues in terms of identifying a stronger leadership, better co-ordination and reduced asymmetries with *Länder* administrative structures. Secondly, the authority in charge of co-ordinating rural development policy should exercise a strong role of

rural “policy-proofing” of sectoral policies as well as of regional and urban policies. This is a key point if rural policy is not to be narrowly confined to programmes that are explicitly targeting specific areas. Instead, rural policy should be used as a means to increase coherence of sectoral policy and non-sectoral policy and cope with unintended effects on certain types of regions. The rural-proofing of sectoral policies such as economic, social, environmental transport and energy policies could bring great benefits to the sustainable development of German rural regions. Thirdly, it may be useful to also consider refining the current legal framework for rural policy. The current distribution of responsibilities over rural policy still rests on a legal framework developed in a very different context. The actual and potential role of rural areas has changed considerably since then. This could allow rural development policy to embrace a broader approach and clarify the responsibility over rural issues as well as co-ordination and rural proofing mechanisms.

*... vertically, to increase the scope and effectiveness
of the GAK and GRW Joint Tasks...*

In the presence of a strong *Länder* level, the role of the central government should focus on enabling political and regulatory environment for rural policy, designing the overall strategy and fostering the evaluation of programmes at the national and regional level. In Germany, translating this into practice requires progress in at least three areas. First, reforming the GAK and the GRW. A more effective vertical co-ordination of rural development policy in Germany may benefit from rethinking the role and functioning of these two Joint Tasks. Their scope could be expanded beyond respectively an agriculture focus and a remedial one, towards explicit rural development objectives pursued through policies for competitiveness and employment creation. In this perspective, merging the two Joint Tasks GRW and GAK into one single framework for regional policy could also be an option worth considering. Secondly, there is a need to strengthen monitoring and evaluation of rural policies and introduce performance reserves and incentives for increased local planning and co-operation. Thirdly, capacity needs could be addressed in two areas. On the one side, skills required for effective rural place-based policies necessitate a paradigm shift from sectoral approaches and clear-cut hierarchical relationships. On the other side, intermediate and local actors need to learn how to manage a new responsibility sharing-role and to collect, share and use knowledge effectively. One related issue to be addressed is the resistance of local and regional authorities to establishing professional regional management groups which can greatly contribute to rural policy design and implementation.

... and locally, to foster participation and the mainstreaming of innovative place-based approaches.

A major criticism of both the GAK and GRW approaches is that the resulting policies are inherently top-down in nature. What is missing is a strong and broad participation of local and regional institutions and private actors in the preparation and implementation of measures. In this context, it is particularly important to develop mechanisms that are able to link sub-national governments and wider interest groups to policy design processes. Local participation has been considerably fostered by programmes such as LEADER and *Regionen Aktiv*. These place-based programmes have had well-documented positive results in terms of mobilising local actors and institutions. Also, they have proven to be effective in fostering partnerships and planning capacity which in turn support the integration of policies at the local level. However, these programmes are still “niche” and being strongly under funded are unable to produce significant impacts. These types of programmes could be provided with more financial resources. However, the key point is that these approaches should be mainstreamed so that their numerous methodological innovations are integrated into the overall rural policymaking.

*Germany's RD policy should be based on
5) an informed vision of rural trends...*

A coherent, widely shared vision for German rural areas should account for several internal and external factors influencing Germany's rural economy. Two types of knowledge gaps need to be addressed in order to adopt a holistic approach that accounts for the complex dynamics of rural development.

The first gap concerns trends in rural areas. In Germany, as in many OECD countries, despite increased public attention for the value of the rural space and its environmental and cultural resources, a strong focus on “rural research” does not exist. Similarly with what is the case in terms of policy making, research in rural development suffers from biases towards urban and agricultural research. “Rural” is thus frequently considered as a research field within the agricultural sphere. The resulting knowledge gap is relevant and hampers the understanding of rural dynamics and thus the development of informed strategies and policies for rural areas. A new research agenda supported by Federal and *Länder* institutions should cover areas such as rural-urban linkages, mobility trends, service needs of rural areas, and the role of private actors and financial institutions in German rural development. To these aims, the creation of a non agriculture-based national institute for rural

research and data analysis to carry out innovative, rigorous qualitative and quantitative analysis of rural development trends could be considered.

A second knowledge gap concerns policies directed to rural areas. There is a need for mechanisms to clarify who does what in rural policy and with what resources and impact. Governments at both federal and *Länder* levels should consider actions to increase their capacity to monitor and evaluate the efficiency and effectiveness of public expenditure in rural areas. In particular, strengthening analytical capacity and information sharing within federal and *Länder* governments is a pre-condition for an informed national strategy for rural development.

... that integrates wider societal concerns

A national, widely shared strategy for rural development should address the concerns of a wide range of actors. Such stakeholders would represent both rural and urban concerns, as well as consumers, environmental groups, farm and non-farm industries and other organised and less-organised stakeholders of rural development. The participation of a broader set of actors should not be viewed in contrast with the predominant role played by farmers organisations at both federal and *Länder* levels. A new vision for rural Germany should stress that increased societal attention to rural development and new consumer demands will create significant opportunities for rural inhabitants including farm households which increasingly rely on off-farm income. Due to its narrow approach, the National Plan for Rural Development (2007-2013) to be developed in observance of EU regulations (Community Regulation No. 1698/2005) should not be considered as a substitute for a wider national strategy but rather be part of it and be co-ordinated with the whole.

Summing up

Rural policy in Germany has to be understood in a context that is peculiar given on the one side the institutional characteristics of the country and on the other side its geography and demographic patterns. There is a great degree of spatial heterogeneity in terms of challenges and opportunities of German rural areas. Significant differences between East and West persist and many of these have clear rural dimensions. Factors such as CAP reforms, ageing of the German population and migration trends will also have important rural implications. Many of these issues involve more than rural policy, but rural policy has a place in resolving all of the key issues. However for rural policy to be an effective part of the policy process it will have to evolve beyond the existing limits in Germany. The Country's current approach to rural development and rural policy is mainly

sectoral and thus limited in terms of capturing the diversity of rural regions and fostering the development of programmes that are adapted to each place. Based on the experience of other OECD countries, a number of priorities for reform can be identified. The implementation of these reforms will require as a precondition the acknowledgement that, although appropriate at a certain moment in time, the present approach to rural policy needs profound modifications. These modifications require building a broad consensus in order to overcome resistance that has long impeded change in rural policy in both Germany as well as in several other OECD countries. This consensus should be built progressively and through the diffusion of well-researched, objective information to both policy makers and broad sectors of civil society on the status and challenges of rural Germany. Ultimately, the development trajectory of rural Germany is to be seen as a matter of national concern, with relevance for the future of rural as well as urban citizens.

Chapter 1

Profile of Rural Germany

This chapter provides a comprehensive overview of the socio-economic dynamics characterising rural areas in Germany. It identifies trends, challenges and opportunities for such regions. It begins by defining the rural areas that will serve as the basic unit of analysis for the review. It then analyses rural areas on demographic, social, economic and environmental indicators. This analysis includes variations among different types of rural areas as well as comparisons to non-rural regions. Finally, it highlights some of the most significant policy challenges from a territorial perspective based on the wide variations (heterogeneity) in the assets and performance of different types of rural regions.

Key points

- According to the OECD definition of “predominantly rural” regions, Germany’s rural regions account for 29% of the surface area, 12% of the population and 9% of GDP. Using Germany’s classification of rural districts, a smaller unit of analysis, they account for 59% of the surface area, 27% of the population and 21% of GDP.
- Population growth across rural regions is highly variable leading to increasing disparities in population density. Those rural counties close to large agglomerations are gaining population rapidly through migration (+8.4% from 1994-2004), while sparsely populated peripheral regions continue to depopulate (–2.3% from 1994-2004). In East German rural districts, this out-migration, especially of younger populations, compounded by the general ageing of the population is the most severe and is only expected to grow more acute in the future.
- Rural regions lag behind other region types on several indicators of income, but that gap is stable to improving. The trend in GDP per capita by region type in Germany is comparable to findings within other OECD countries. Rural regions are at 80% of the national average for GDP per capita. East versus West Germany disparities in GDP per capita are striking for all region types. North versus South differences are also noticeable. As in most other OECD countries, a lower labour productivity (GDP per worker) is a main driver of the lower average GDP per capita. The differences in employment rate, as well as commuting, also explain this lower level performance in predominantly rural regions in Germany, more so than sectoral specialisation or the proportion of old residents. The disparity for GDP per worker is somewhat smaller at 91% of the national average. Disposable income per inhabitant is clearly lowest in rural districts. However, the annual growth rate for rural districts was the same (2.1% West Germany) or higher (2.9% East Germany) than core cities, albeit lower than high density districts.
- Unemployment by region type varies between East and West Germany, but high-skilled workers are generally lacking in rural areas throughout the country. Rural districts exhibit the highest rates of unemployment within East Germany, although in West Germany rural districts have lower unemployment relative to urban areas. While the level of low-skilled workers is not radically different between rural districts and core cities, the share of the labour force that is highly skilled is more than double in core

cities than rural areas (10.7% versus 4.6% in West Germany, 15% versus 8% in East Germany – note absolute levels of education not comparable between East and West).

- Approximately half of rural residents are living in a rural district in proximity to an agglomeration or urbanised area, providing opportunities for greater urban-rural linkages. In fact, 45% of rural residents live in districts where at least 50% of its municipalities are located within 30 minutes by car to a supra-regional centre. This high level of accessibility is attributable to the polycentric (multiple urban centres) settlement structure supported by national spatial policy.
- While access to basic public services is assured throughout the country, the range of options is more limited in peripheral rural areas. The future sustainability of public services in some of these regions is of major concern, especially in East Germany. Of the rural population, 31% (6.9 million) live in districts that are expected to have above average or high levels of public service sustainability problems in the future.
- The breakout of employment between the primary (5%), secondary (30%) and tertiary sectors (65%) in rural districts resembles that of higher density “intermediate” districts in Germany. In contrast to core cities, rural districts have a somewhat higher per cent of manufacturing (mainly of materials and components as opposed to finished products) and significantly fewer professional services. Agriculture plays a minor and declining role in rural regions, with a GVA of 2.9% and a 4.7% share of employment, albeit these statistics may understate the importance of backward and forward linkages.
- Some rural regions are exhibiting economic dynamism even if many rural districts are among the poorest performing districts. While few East German districts experienced a growth in employment in 2003 as compared to 1995, in West Germany more than two in five rural districts did. In terms of firm starts, of the 20 top-ranked districts in 2004, seven are rural, albeit only one was from East Germany, but rural districts are over-represented in poor performing districts. Furthermore, many rural districts, especially in East Germany, lack clusters and other innovation resources to stimulate more economic growth.
- There exist opportunities for sustainable economic development in terms of both agriculture and non-agriculture land uses. There is a potential for exploiting new markets such as renewable energy, farm tourism, marketing of farm produce, maintenance of rural landscapes, and services for older populations, among others. Other economic development opportunities may concern natural and cultural amenities (tourism and beyond). These niche markets, however, need to be complemented by measures to solve much broader needs for economic development.

- The data reveal a wide diversity of rural regions in terms of demographics, economic performance, assets, and proximity to urban centres. A uniform policy approach to rural regions would not effectively address these different development trajectories. A territorial and multi-sectoral policy approach is therefore warranted.

Introduction

To study rural regions in Germany, it is important to appreciate the settlement patterns that create today's rural areas. Germany is one of the most densely populated countries in the OECD. Furthermore, that population is more evenly distributed across the country than it is in other OECD countries. This dispersion of population in different region types throughout the country is facilitated by its multiple urban nodes (i.e., a polycentric configuration). Nevertheless, there are pockets of more peripheral areas, such as in and around East Germany and near the Czech border among other areas. There can also be significant variations in population distribution even in the same area of the country, such as between the Munich metropolitan area and the nearby Bavarian forest.

The aim of this chapter is therefore to provide a comprehensive overview of the socio-economic dynamics characterising rural areas in Germany and the resulting policy implications. This chapter identifies trends, challenges and opportunities for such regions. Section 1.1 defines the rural areas that will serve as the basic unit of analysis for the review both from the perspective of the OECD for international comparisons and from the perspective of Germany for in-country comparisons. Section 1.2 analyses rural areas on demographic, social, economic and environmental indicators among different types of rural areas as well as compared to non-rural regions. Finally, Section 1.3 highlights some of the most significant policy challenges from a territorial perspective based on the wide variations (heterogeneity) in the assets and performance of different types of rural regions.

1.1. What is “rural” Germany?

1.1.1. *There are multiple definitions of rural...*

The OECD definition of rural regions offers an important basis of comparison *among region types across OECD countries* using a standard definition. This definition is based on the assessment that rural regions have a significant number of communities with low population density *and* do not contain a major urban centre. Regions are thus classified not as being rural or urban *per se*. Depending on the share of population living in rural communities, they are classified as predominantly rural (PR), intermediate (IN) or predominantly urban (PU). Therefore, each of the three types of regions contains some rural and some urban communities but to a different degree

(see Box 1.1). For comparisons of Germany's region types with those in other countries, the OECD typology will be used.¹

Within Germany, there is no strictly defined and applied national definition of rural regions. Furthermore, *Länder* may have their own categorisation systems. The Federal Office for Building and Regional Planning (BBR) uses a series of different regional classifications depending on the purpose of the analysis. These

Box 1.1. OECD regional typology

The OECD has classified regions within each member country. The classifications are based on two territorial levels (TLs). The higher level (Territorial Level 2) consists of about 300 macro-regions while the lower level (Territorial Level 3) is composed of more than 2 300 micro-regions. This classification – which for European countries is largely consistent with the Eurostat classification – facilitates greater comparability of regions at the same territorial level. Indeed, the two levels, which are officially established and relatively stable in all member countries, are used by many as a framework for implementing regional policies.

A second important issue for the analysis of regional economies concerns the different “geography” of each region. To take account of these differences and establish meaningful comparisons between regions belonging to the same type and level, the OECD has established a regional typology according to which regions have been classified as predominantly urban, predominantly rural and intermediate using three criteria:

1. **Population density.** A community is defined as rural if its population density is below 150 inhabitants per km² (500 inhabitants for Japan to account for the fact that its national population density exceeds 300 inhabitants per km²).
2. **Regions by % population in rural communities.** A region is classified as predominantly rural if more than 50% of its population lives in rural communities, predominantly urban if less than 15% of the population live in rural communities, and intermediate if the share of the population living in rural communities is between 15% and 50%.
3. **Urban centres.** A region that would be classified as rural on the basis of the general rule is classified as intermediate if it has an urban centre of more than 200 000 inhabitants (500 000 for Japan) representing no less than 25% of the regional population. A region that would be classified as intermediate on the basis of the general rule is classified as predominantly urban if it has an urban centre of more than 500 000 inhabitants (1 000 000 for Japan) representing no less than 25% of the regional population.

Source: OECD (2005b), *OECD Regions at a Glance*, OECD Publications, Paris, France.

categories are based on settlement patterns, accessibility or functional areas ranging in scale from municipalities to districts (*kreis*)² to regional-planning regions. One commonly used categorisation has three territorial categories (agglomerations, urbanised areas and rural areas). As highlighted in Table 1.1, rural districts (i.e., districts with a population density of less than 150 inhabitants per km²) can be found in all three of these territorial categories. For the purposes of this report, comparisons of regions within Germany will be made at this district level to better appreciate the within-country differences. Special attention will also be made to variations across rural districts that are close to agglomerations and urbanised areas, which have greater opportunities for urban-rural linkages, versus those rural districts in a peripheral location, whose relative remoteness can imply different policy strategies.

Table 1.1. **Germany: territorial and district classification**

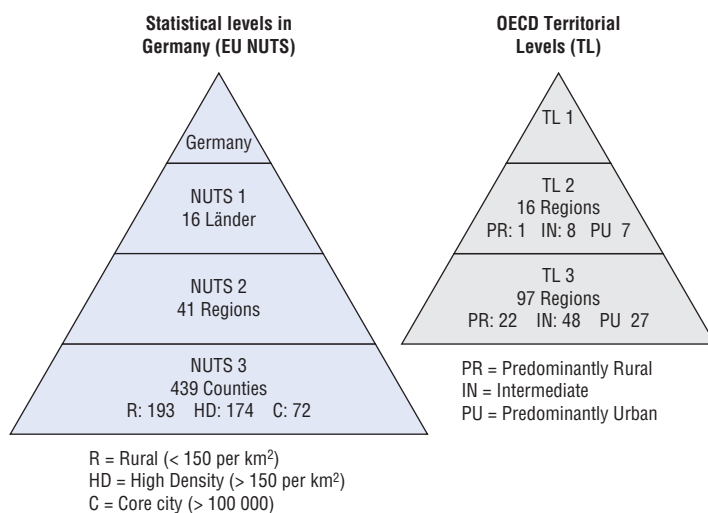
Territorial type	District type	Population density
Agglomerations	Core cities of agglomerations	Towns > 100 000 inhabitants
	High density districts of agglomerations	Counties with population density of > 300 inhabitants/km ²
	Medium density districts of agglomerations	Counties with population density of > 150 inhabitants/km ²
	Rural districts of agglomerations	Counties with population density of < 150 inhabitants/km²
Urbanised regions	Core cities of urbanised regions	Towns > 100 000 inhabitants
	Medium density districts of urbanised regions	Counties with population density of > 150 inhabitants/km ²
	Rural districts of urbanised regions	Counties with population density of < 150 inhabitants/km²
Rural and peripheral regions	Rural districts of major density of rural and peripheral regions	Counties with population density of > 100 inhabitants/km²
	Rural districts of minor density of rural and peripheral regions	Counties with population density of < 100 inhabitants/km²

Source: Provided by BBR.

1.1.2. Rural districts account for 59% of land, 27% of the population and 21% of GDP

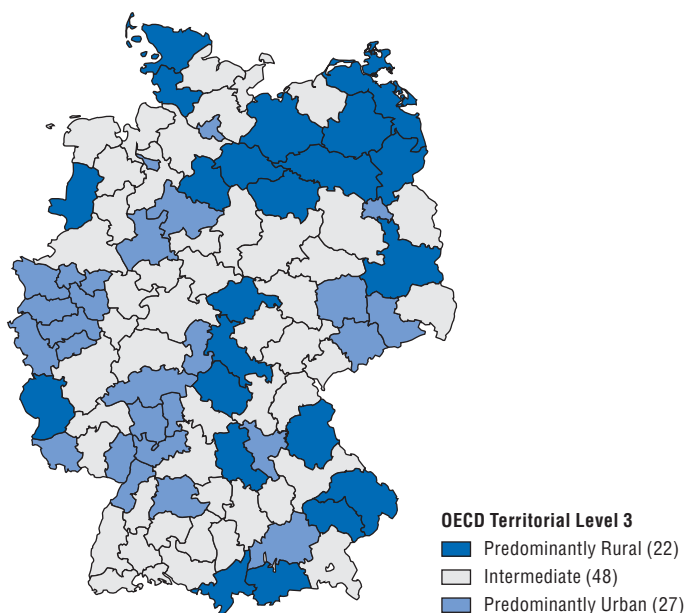
The weight of rural areas in Germany clearly depends on the nature of the definition. Using the OECD classification, predominantly rural regions account for 29% of Germany's surface area, 12% of the population and 9% of GDP. The German district classification results in a doubling of the weight of rural areas in terms of surface area (59%), population (27%) and GDP (21%). Among rural districts, approximately half of the land, population and output are attributable to rural districts near urbanised areas and agglomerations, and the other half to

Figure 1.1. Rural defined

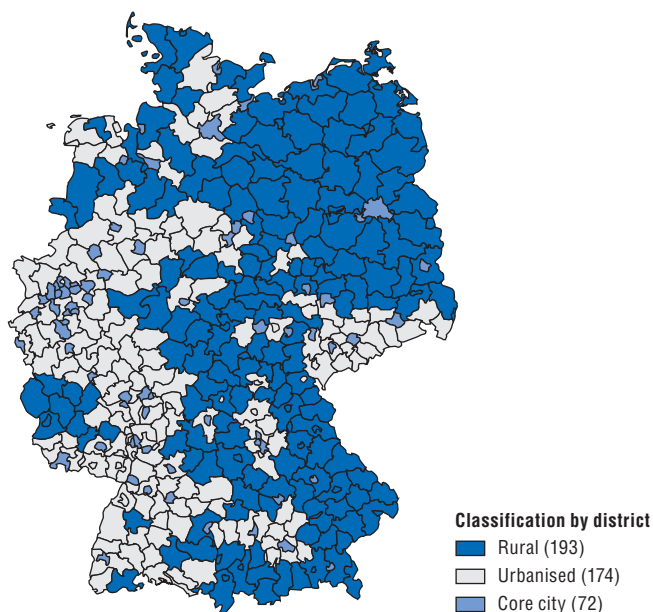


Source: Calculations based on BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn, Germany; and OECD (2007a), OECD Regions at a Glance, OECD, Paris, forthcoming.

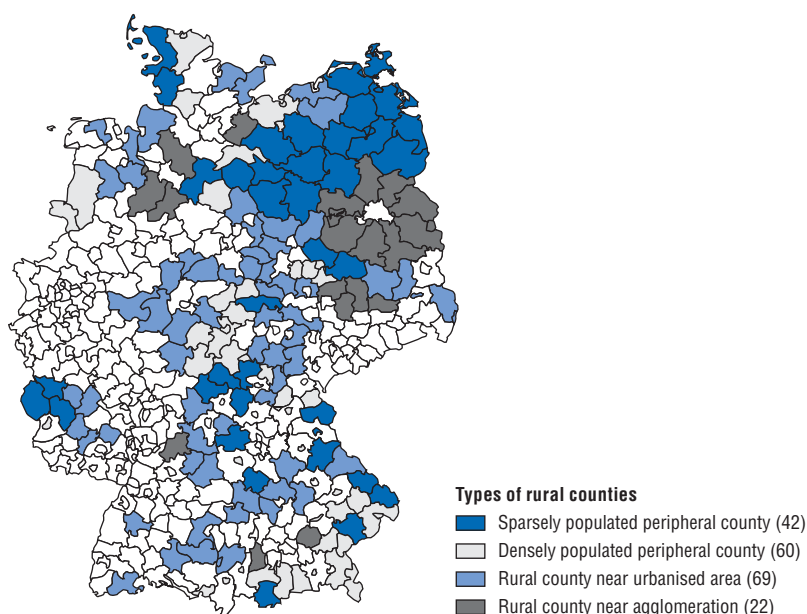
Figure 1.2. Maps of rural Germany



Source: OECD (2007a), OECD Regions at a Glance, OECD Publications, Paris, France, forthcoming.



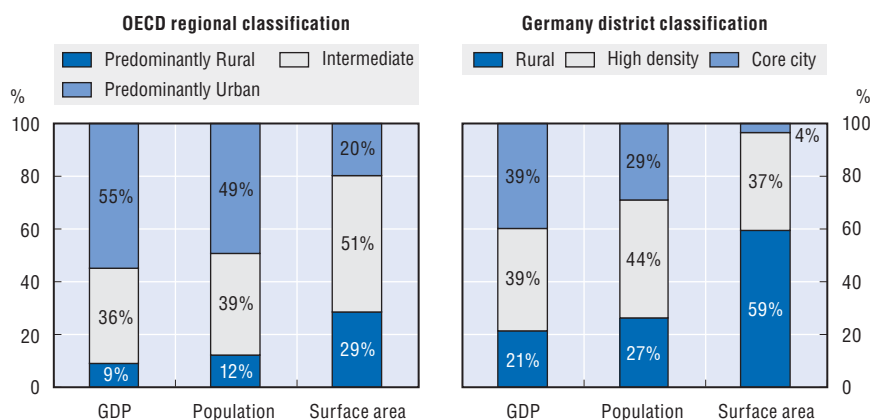
Source: Based on data from BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn, Germany.



Source: Based on data from BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn, Germany.

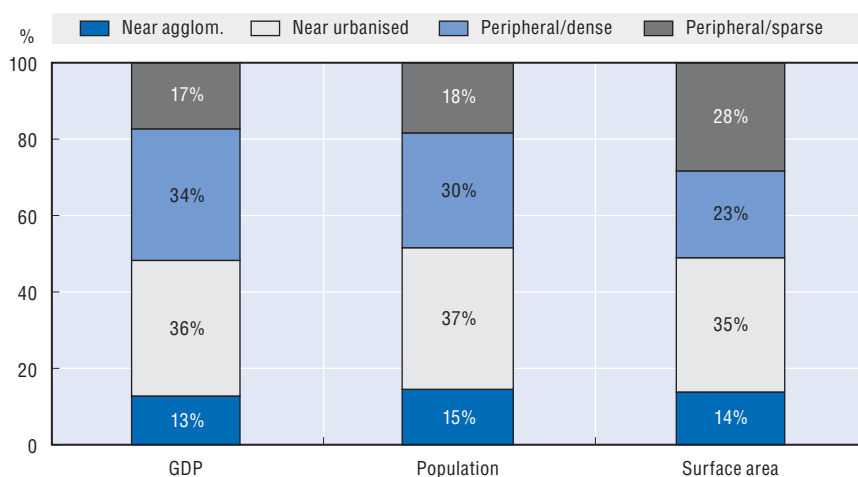
peripheral rural districts of varying population density (see Figures 1.13 and 1.14). The OECD definition uses a more aggregated region size than the German district and incorporates the presence of an urban centre, which serves to explain why some regions that would ordinarily be classified as predominantly rural are classified as intermediate regions by the OECD.

Figure 1.3. **Weight of rural areas in Germany**



Source: OECD (2007a), *OECD Regions at a Glance*, OECD Publications, Paris, France, forthcoming; and calculations based on BBR (2005a), *INKAR: Indikatoren und Karten zur Raumentwicklung* (CD-ROM), Bonn, Germany.

Figure 1.4. **Rural districts by type**

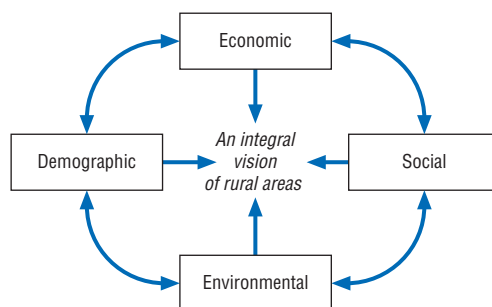


Source: Calculations based on BBR (2005a), *INKAR: Indikatoren und Karten zur Raumentwicklung* (CD-ROM), Bonn, Germany.

1.2. What is happening in rural areas?

Rural development is a complex, multi-sectoral issue. Since the launching of the Rural Development Programme in 1991, the OECD has developed a framework to analyse rural territories that addresses four main development concerns: demographic, social, economic and environmental (Figure 1.15, OECD, 1994). The East versus West Germany divide further sets the stage for the analysis of rural trends, as East German districts are typically worse off in terms GDP per capita, ageing, access to urban centres and population density (see Box 1.2). There are also distinctive differences in the socio-economic development in West Germany between rural districts near agglomerations and more peripheral rural regions. This section will analyse the core trends in rural areas in Germany under the four development categories.

Figure 1.5. **Four rural development concerns**



Source: OECD (1994), *Creating Rural Indicators for Shaping Territorial Policies*, OECD Publications, Paris.

1.2.1. Population and migration

Among OECD countries, Germany's relatively high population density is well distributed across many parts of the country. Germany currently has a population of approximately 82.5 million inhabitants, of which approximately 20.6 million live in rural districts.³ At 232 inhabitants per km², Germany ranks the sixth most densely populated out of the 30 OECD countries. The 439 districts range from a population density of approximately 40 to 4 000 inhabitants per km², a difference of a factor of 100. In general, the population is also relatively dispersed across the territory. Germany is one of the countries with the lowest score on the regional population concentration index, ranking fifth out of 29 OECD countries (see Figures 1.6 and 1.7 and Figure 1.A1.1 in Annex). For example, no city accounts for more than 5% of the country's population (BBR, 2001b). This settlement pattern is reinforced by Germany's "decentralised concentration" approach to planning.

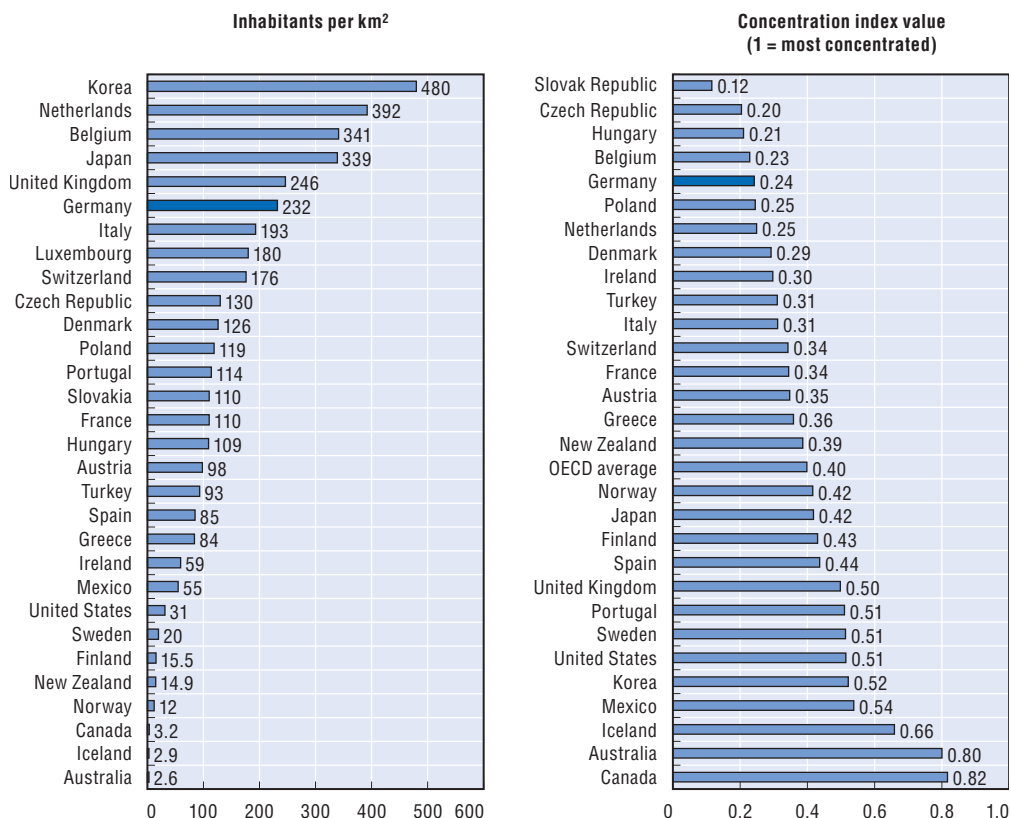
Box 1.2. Reunification and East versus West differences

Upon reunification in 1990, Western Germany experienced an economic boost with a greater market for its goods while Eastern Germany experienced job loss given the sudden higher wages but lack of corresponding productivity (increases due to exchange rate differentials and wage setting), and loss of market share as residents preferred to buy many goods from the West. In East Germany, the degradation of former state farms and state industrial enterprises caused extensive employment losses which could not be balanced by the establishment of new enterprises in the production and service sectors. The low number of SMEs did not provide a basis for locally based economic development. In the new *Länder*, industrial development takes place only in a few sites that benefit from modern transport infrastructure such as Halle, Leipzig, Jena and Dresden.

Massive transfers from the West to the East tried to balance out differences, but most of those transfers were for consumption, not investment. The last estimates available from the German Council of Economic Advisors for 1995 indicated a total of net transfers of EUR 64 billion or 3.6% of GDP that year. When including net transfers by the social security system, the amount is approximately EUR 80 billion per year (4% of GNP 2003) between 1991 and 2003. Compared with the national average, Eastern German GDP per capita was 71.2% of the national average, versus 107.5% for Western Germany in 2002 (Siebert, 2005 and Council of Economic Advisors, 2004).

One of the most notable impacts of the economic differential has been a general migration from the new to old *Länder*. The first major wave from 1989-1990 was motivated by uncertainties before reunification and economic opportunities with a second wave from 1997 through at least 2002 related to the stagnation in the East relative to the improving situation in the West (Heiland, 2004). During the 1990s, while some districts near urban centres gained population and others farther from urban centres lost population, it was rural and peripheral areas of Eastern Germany that experienced depopulation (Bucher, 2001).

Like many OECD countries, Germany's population is ageing and must rely on immigration to maintain population levels. The nation's birth rate has been one-third below replacement level since the 1970s (BMVBS and BBR, 2006). The population of 6 to 16-year-olds is projected to decline by 2020 to be between 8-9% of the population (from 9-11% depending on region type) while the population of very old persons (over 75 years) is expected to increase to approximately 11% from 7.4% by 2020. Immigration is serving to fill the gap

Figure 1.6. **Population density and regional population concentration across OECD countries**

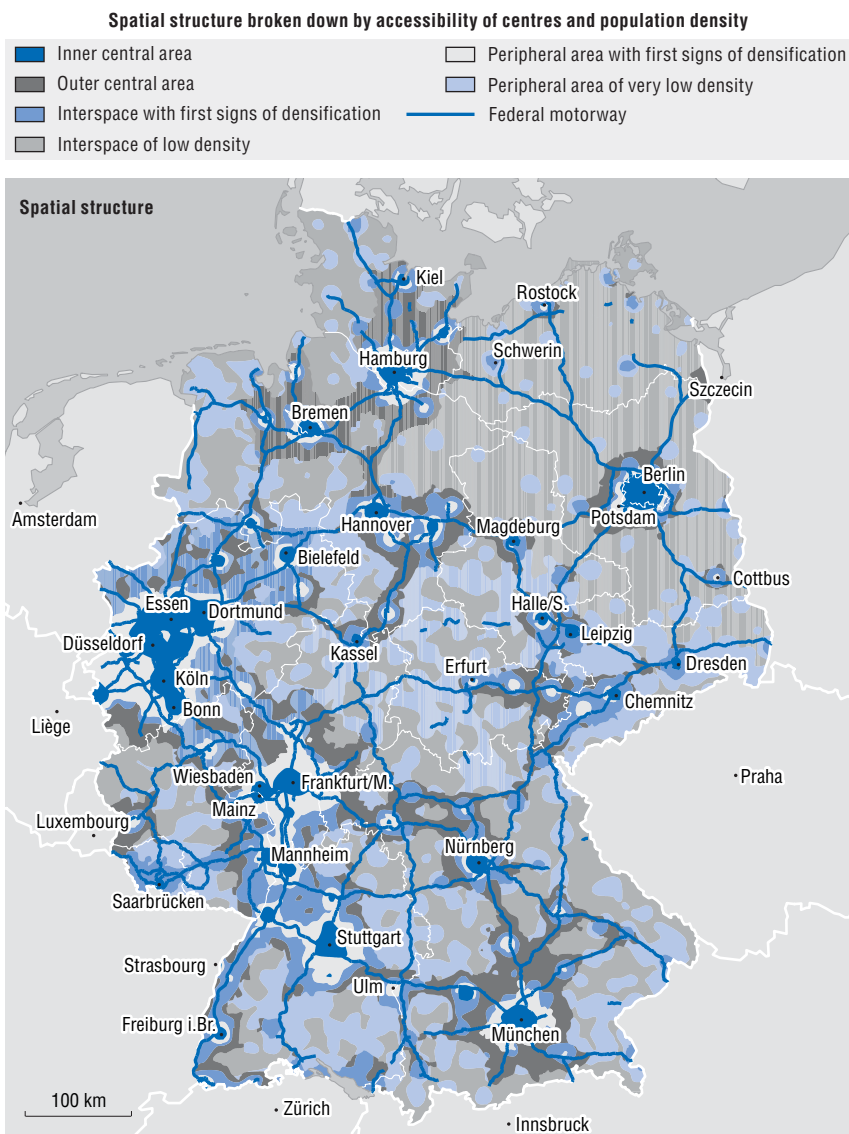
Note: Concentration Index calculated by the OECD.

Source: OECD (2005b), *OECD Regions at a Glance*, OECD Publications, Paris, France; and UN World Population Prospects.

and contribute to population growth, which for the nation was only 1.6% for the total period from 1994-2004 (based on BBR, 2005a). Approximately 8% of Germany's population are foreigners, up from only 1% in 1950.⁴ While this immigration has served to fill the population gap numerically, integration of immigrants can be accompanied by other social and employment challenges.

Many rural districts experiencing modest or even rapid growth, yet others depopulation

Rural districts overall experienced a net population increase of 3.1% between 1994 and 2004, mainly due to internal migration, but the picture is very mixed across different rural region types. The average is raised by rural districts of agglomerations, which with an increase of 8.4% experienced the

Figure 1.7. **Population settlement patterns in Germany**

Note: The differentiation of spatial structure types is based on the cartographic overlay of two data sets, a complex aggregate accessibility index and smoothed population density data. Both data sets are the result of modelling in a GIS and widely abstract from administrative boundaries. First the basic types “central area”, “intermediate area” and “peripheral area” are classified by standard variation deviation of an index of the accessibility of centres by car. Then the smoothed population density (population density within a radius of 12 km, distance weighted) is used to divide the three basic types into the six sub-types shown in the map.

Source: BBR (2005b), *Raumordnungsbericht*, Vol. 21 Government of Germany, BBR, Bonn, Germany, calculated at the municipal level.

most rapid growth of the nine district types. These regions often combine advantages associated with proximity to agglomerations (employment, particularly for women, commuting, infrastructure) with greater access to property and a lower cost of living. Rural districts of major density in peripheral regions also experienced an increase of 5.1%, while rural districts in urbanised regions experienced a net increase of 2.2%. It was rural districts of minor density in peripheral regions that experienced a net population decrease (–2.3%), with the highest losses in those East German districts with a historically high share of agriculture and outdated industrial structures. In comparison, core cities also experienced a net population decrease (–2.4%), while high-density regions (i.e., urbanised areas excluding core cities), experienced a net population increase of 3.4% (based on BBR, 2005a). This latter trend of out-migration from cities and in-migration to other urbanised areas is consistent with an ongoing suburbanisation process in most areas of the country.

One of the drivers of these variations in population growth is a migration pattern in Germany that follows a clear lifecycle trend and drains rural regions of young adults (see Table 1.2). Children (under 18) and 30 to 50-year-olds tend to migrate from the core cities to the suburbs. However, the older population (50+) moves from cities to suburbs and, especially, rural districts. High density districts appear to gain in the migratory balance at all age levels. There is also a strong migration of 18 to 30-year-olds to core cities for education and employment opportunities. This out-migration of youth from rural to urban areas is only increasing over time. As illustrated in Figure 1.8, the per cent of youth 18 to 29 that leave a rural district annually has increased nearly five fold, from –3.7 per 1 000 to –18.2 per 1 000 in that age bracket between 1995 and 2004. The magnitude of this migration is greatest in peripheral rural areas of low density, with a net out-migration of –30 per 1 000 (based on BBR 2005a).

Table 1.2. **Migratory balance by district type and age, 1997-2004**

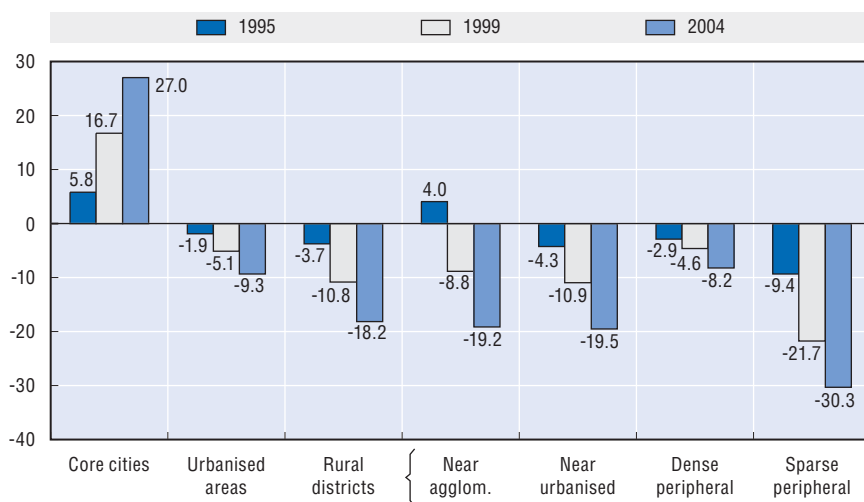
Type of district	Under 18	18-29	30-49	50+
Core cities	–190 600	990 700	–499 400	–340 300
High-density districts	318 500	62 500	352 300	115 400
Rural districts	200 500	–237 100	226 600	233 300

Source: BBR (ongoing spatial monitoring) as cited in BMELV (2006a).

Rural regions in East Germany hardest hit by out-migration and ageing

East-West migration continues well after reunification. Initially this East-West migration was driven by education and employment opportunities as well as other quality of life factors related to the more Western lifestyle and greater environmental quality, among other factors. Economic out-migration

Figure 1.8. **Net migration of 18 to 29-year-olds**
Number per 1 000 18 to 29-year-olds

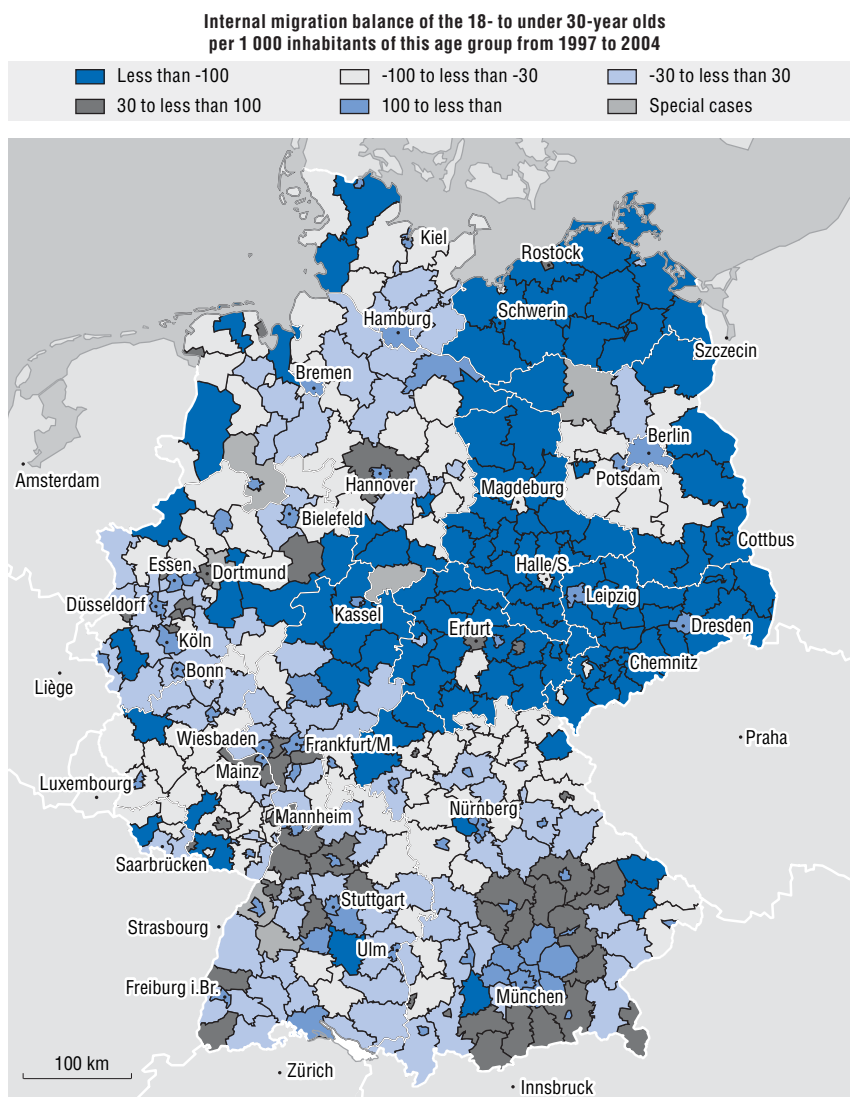


Source: Calculations based on BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn, Germany.

continues to be strongest from the East. As illustrated in Figure 1.9, the majority of East German districts are losing a higher rate of inhabitants to migration of the 18 to 29-year-old age group than West German districts. Economic migration also occurs from northern to southern *Länder*.

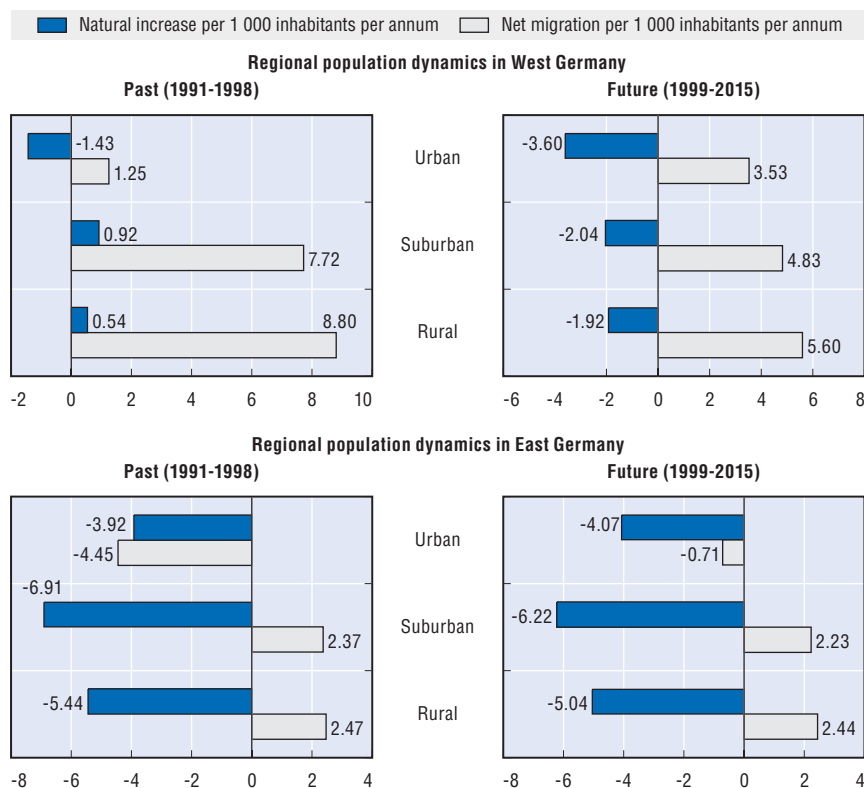
For example, in Saxony-Anhalt, *Länder* calculations reveal that approximately two-thirds of the population loss is the consequence of out-migration. That migration pattern is notably out-migration of youth and young adults seeking better employment and living conditions elsewhere. Saxony-Anhalt shed approximately 275 000 inhabitants between 1991 and 2002 according to the results of government population analyses, and by 2020 it will lose almost another 20% of its inhabitants in comparison to 2002 (BMELV, 2006a).

Ageing of the population is also having a disproportionate impact on rural areas in East Germany. Historically, agglomerations were older than rural areas and cities older than suburban areas but that has changed. As illustrated in Figure 1.10, rural areas in East Germany will continue to lose population due to negative net natural increase (i.e., more deaths than births) and net migration will not be able to fill that gap. In West Germany, while in the past suburban and rural areas had mildly positive natural increase and significantly positive net migration, in the future these areas are expected to have negative natural increases but a net migration to compensate, except perhaps for those peripheral rural districts of low density already losing population.

Figure 1.9. **Migration for education and employment**

Source: BBR (2006), *Raumordnungsprognosa* (CD ROM), Bonn, Germany.

The absolute number and proportion of very old persons will consequently be a severe problem for rural areas, notably in East Germany. The number of persons over 75 will grow by 45% in West Germany but 75% in East Germany by 2020. The northern part of East Germany is expected to experience a very strong increase in the share of very old persons (i.e., over 75)

Figure 1.10. **Population dynamics by region type: East versus West Germany**

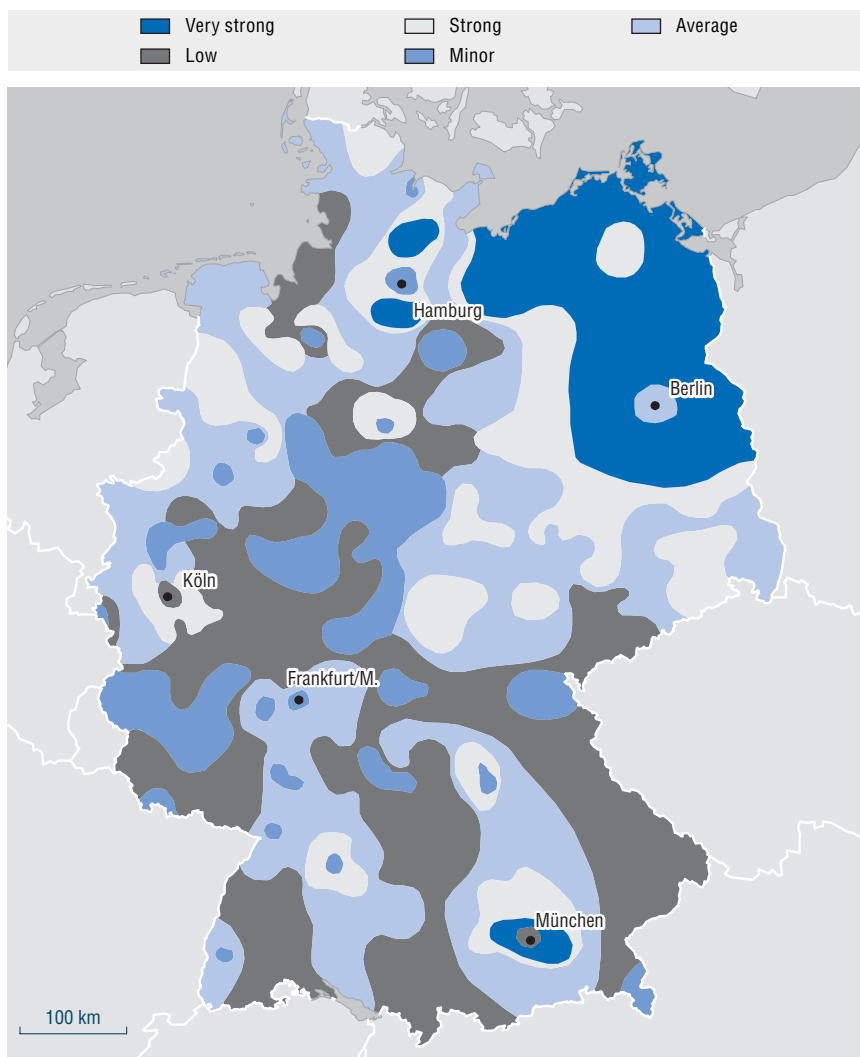
Source: Bucher, Hansjörg (2001), "Ageing and Depopulation of Rural Areas in Europe, the German Example", Presentation at the European Rural Development Workshop by IIASA and PAN, 7-9 May 2001, Warsaw, Poland.

(see Figure 1.11). The projections also note strong or very strong increases in the share of very old persons in the high density and rural districts surrounding several major West German cities. An accompanying drop in the number of young people will exacerbate this problem. By 2020, the population under 20 years of age will have declined by 20% across Germany, in East Germany that will occur ten years earlier in 2010, and in rural areas that decline could be closer to 30% (BMVBS-BBR, 2006).

1.2.2. Social well-being and equity

Social well-being and equity comprise a range of issues for residents in rural areas. Income is perhaps one of the most standard indicators, which is often evaluated using GDP per capita. Regional differences in GDP per capita

Figure 1.11. **Projected increases in the elderly (over 75) population**
From 2002 through 2020



Source: BBR (2005b), *Raumordnungsbericht*, Vol. 21, Government of Germany, BBR, Bonn, Germany.

may be due to a number of factors related to the age structure and employment status of an area's inhabitants. Another related indicator, GDP per worker (productivity), serves to control for such factors. To better appreciate regional differences in salaries and cost of living, disposable household income per capita is a useful indicator of well-being. Other indicators of equity often

concern access to jobs and key public interest services such as medical care and education.

Ultimately, such indicators of well-being are associated with an individual's quality of life. A study in Germany⁵ by region reveals clear differences across the country in terms of residents who reported that they are satisfied with their quality of life. However, these regional variations are not based on an urban/rural distinction in and of itself. Regression analyses revealed that only the unemployment rate and out-migration were statistically significant variables to explain variations on the regional reporting of satisfaction with quality of life. Therefore, it is not population density *per se* that is the problem, it is the result of economic distress and its consequences (Kawka, 2006) (see Figure 1.A1.2 in Annex).

Rural GDP per capita and disposable income below national average but gap stable to improving...

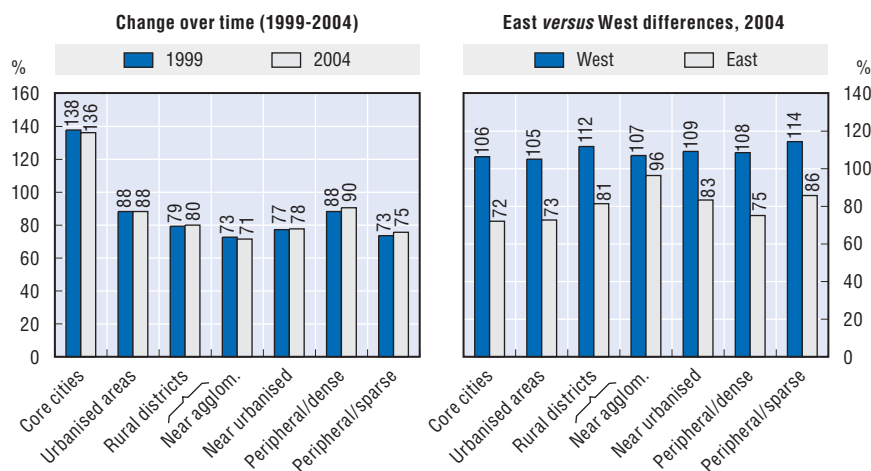
Germany's rural districts have on average a GDP per capita that is 80% of the national average. This figure compares to 88% for high density districts and 136% for core city districts in 2004. This disparity has been stable over the last five years. In 1999, those figures were virtually the same at 79% (rural), 88% (high density) and 138% (core cities) (BBR, 2005a).

When examining the differences among the four types of rural districts, it is actually the densely populated rural districts (at 99% of the national average) that perform the best. They are followed by rural districts in urbanised areas (78%), sparsely populated rural districts (75%) and rural districts near agglomerations (71%) (BBR, 2005a). The fact that peripheral districts perform the same or better on average than rural districts near agglomerations has also been stable over the last five years. However, these statistics should be interpreted with caution as districts with more out-commuters than in-commuters will have a lower GDP per capita because the GDP is counted where the workers work but the population count is based on where the worker lives.

The East-West differences are also striking for rural as well as other region types, over 30 percentage points. As seen in Figure 1.12, the gap is largest for core cities, but high density and rural districts show a similar trend. Among rural district types, the gap is actually lowest for rural districts in agglomerations, at only 11 percentage points (BBR, 2005a). An analysis by *Länder* reveals that the gap between rural and city districts is actually larger in the West *Länder*. In the East *Länder*, that gap exists but it is less pronounced (see Figure 1.A1.3 in Annex).

The trend in GDP per capita by region type in Germany is comparable to findings within other OECD countries. GDP per capita in predominantly rural regions of the OECD is on average 19% lower than the national average versus 20% using the German district level as highlighted above. The gap

Figure 1.12. GDP per capita by district type

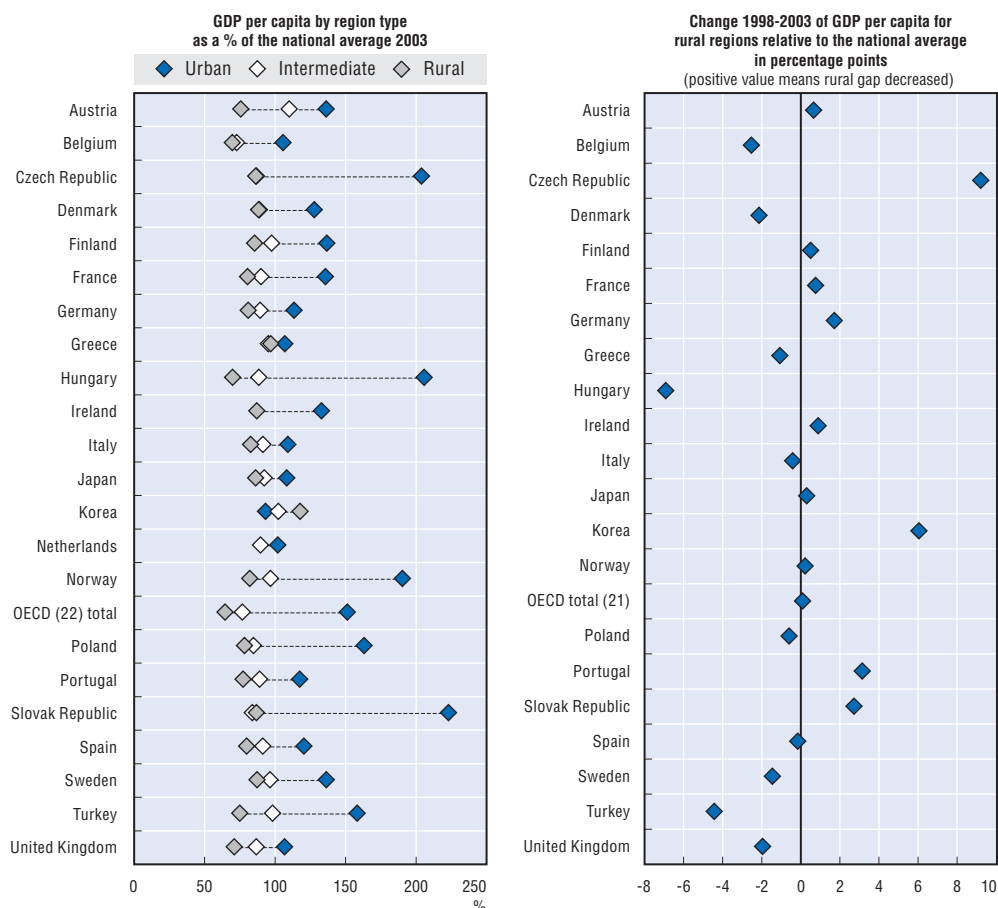


Note: East-West data based on unweighted averages.

Source: Calculations based on BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn, Germany.

between urban and rural districts widened between 1998 and 2003 for 10 countries but the gap was reduced in 11 countries out of 21 in the OECD with data (OECD, 2007a). Fortunately for Germany, as measured at both the OECD region and German district levels, the rural gap has either stayed constant or slightly declined. Nevertheless, there are several countries for which the gap between rural GDP per capita and the national average has clearly declined, such as in the Czech Republic (see Figure 1.13).

A further analysis of disposable household income per inhabitant reveals that while rural areas clearly have less disposable income, their growth rates are the same or better than core cities but less than urbanised areas. Unlike GDP per capita, disposable household income figures do not suffer from the commuting bias. As illustrated in Figure 1.14, in both East and West Germany disposable income is lowest on average in rural districts, with sparsely populated peripheral regions the worst off. The lowest level is in the peripheral East German district Uecker-Randow in Mecklenburg-West Pomerania at EUR 12 701 per inhabitant while the highest is found in the Starnberg district of Bavaria at EUR 26 207. However, the compound annual growth rate over the last eight years is about the same in West Germany for core cities and rural districts at 2.1%, with urbanised areas growing even faster at 2.3%. In East Germany, the growth rate is actually higher in rural districts, 2.9%, than core cities, 2.7%, albeit urbanised areas are growing the fastest at 3.2% (BBR, 2005a).

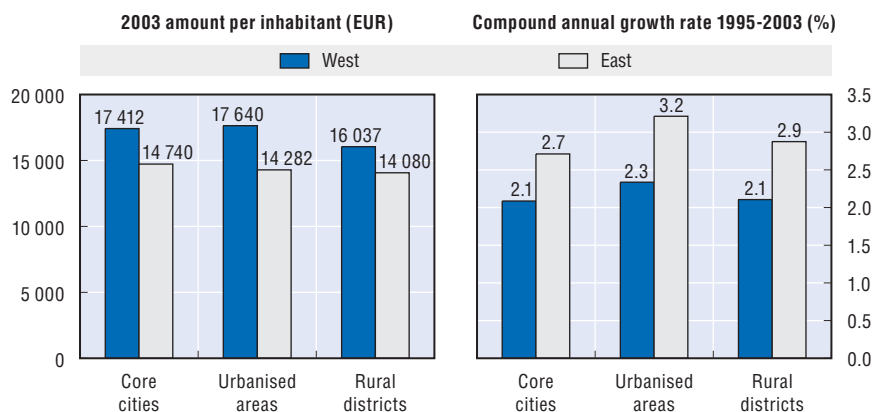
Figure 1.13. **Regional GDP per capita**

Note: For OECD countries with data available at the Territorial Level 3 (TL3) level.

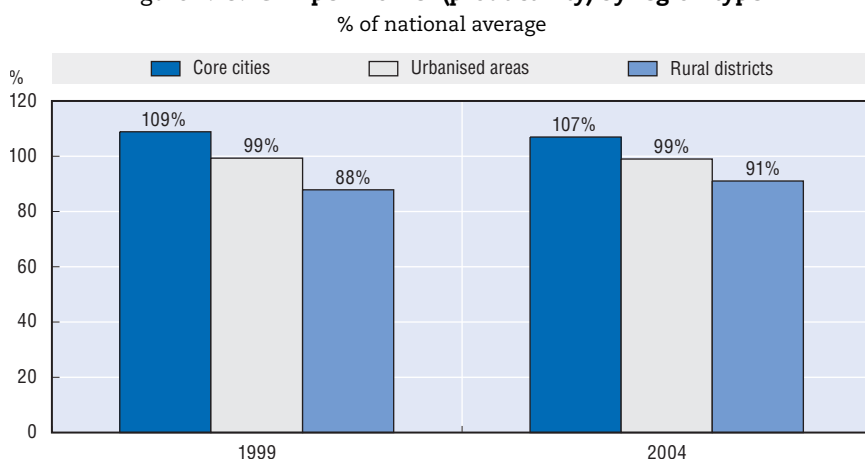
Source: OECD (2007a), *OECD Regions at a Glance*, OECD Publications, Paris, France, forthcoming.

... and productivity (GDP per worker) reveals a lesser disparity that is stable to improving

An analysis of GDP per worker reveals a somewhat lower level of disparity across region types (see Figure 1.15). This means that the inactive population in rural areas helps to drive down in part the GDP per capita. Rural districts have on average a GDP per worker of 91% the national average, with cities at 109% and suburban districts at 99%. Among the four rural district types, the differences are also less dramatic than with GDP per capita. Sparsely populated peripheral rural districts are the least productive per worker at 87% of the national average, with densely populated peripheral rural districts

Figure 1.14. **Household disposable income per inhabitant by region type**

Source: Calculations based on BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn, Germany.

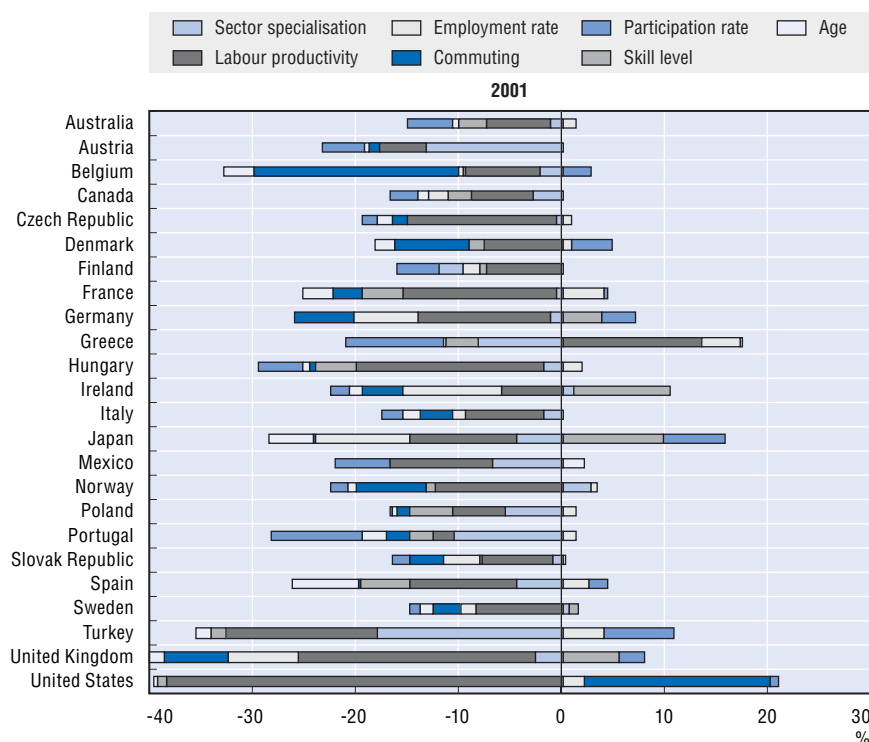
Figure 1.15. **GDP per worker (productivity) by region type**

Source: Calculations based on BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn, Germany.

performing the best at 94%. Rural districts in agglomerations and in urbanised areas were in the middle, at 89% and 91% respectively. Between 1999 and 2004, these results show that rural districts increased from 88% to 91% of the national average while core cities declined from 109% to 107%, somewhat reducing the rural-urban disparity (based on BBR, 2005a). As in most other OECD countries, a lower labour productivity (GDP per worker) is the main driver of a lower average GDP per capita. The differences in employment rate, as well as commuting, also

explain this lower level performance in predominantly rural regions in Germany. These factors explain more of the gap than sectoral specialisation or the proportion of old residents (see Figure 1.16).

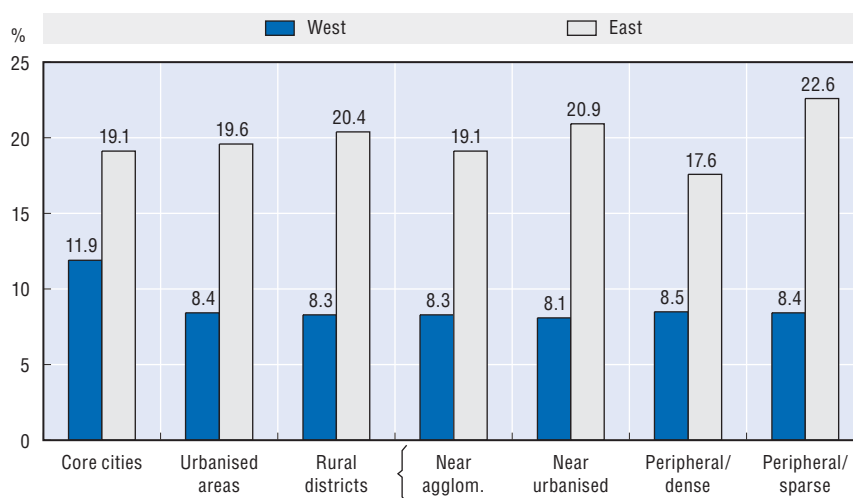
Figure 1.16. **Factors driving lower GDP per capita**



Source: OECD (2006b), *The New Rural Paradigm: Policies and Governance*, OECD Publications, Paris France.

Unemployment rates highest in cities in the West but rural districts in the East...

The unemployment rates not only vary by level between East and West Germany, but the pattern by district type is also very different with the most serious problems in peripheral East Germany. In West Germany, it is core cities that have the highest unemployment rates at 11.9%, while high density and rural districts have similar rates at 8.4% and 8.3% respectively. In East Germany, the trend is the exact opposite. It is the rural districts with the highest average unemployment rate of 20.4%, followed by high density districts at 19.6% and core cities at 19.1% (see Figure 1.17). Within rural district types, in East Germany the sparsely populated rural regions are clearly the worst off with a rate of 22.6%, rural districts near agglomerations and urbanised areas were next at 19.1% and

Figure 1.17. **Unemployment rate by district type**

Note: Unweighted averages.

Source: Calculations based on BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn, Germany.

20.9% respectively, while densely populated peripheral areas performed the best at 17.6%. In West Germany, the variations across rural region types are somewhat less pronounced, with a low of 8.1% in rural districts near urbanised areas to a high of 8.5% in densely populated peripheral regions (BBR, 2005a).

The unemployment of different sub-groups also varies notably by district type. For example, youth unemployment (under 25) in the West is considerably higher in rural districts (15.1%) than either core cities (10.8%) or urbanised areas (13.3%). In the East, youth unemployment is actually higher in core cities (13.7%) followed by rural districts (13.2%) and urbanised areas (12.6%). In terms of the long-term unemployed (beyond one year), this region type distinction remains important. In West Germany, the long-term unemployed are a lower share of the unemployed in rural districts (33.0%) as opposed to urbanised regions (34.8%) or urban areas (40%). In East Germany, the urban-rural distinction for the long-term unemployed is less pronounced, with urbanised districts (46.9%) having higher rates than rural districts (45.6%) or core cities (43.6%) (BBR, 2005a).⁶

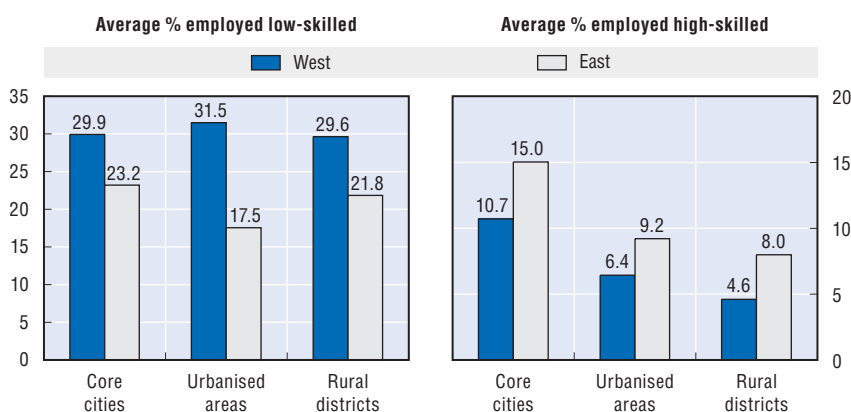
The more troubling sign is the greater increase in unemployment in some rural regions, more so than in other region types. Across Germany's 439 districts, only 19% of rural districts saw an improvement in the unemployment rate in 2004 as compared to 1995, while 25% of core city districts and 33% of urbanised districts saw an improvement. Using the same comparison years, the unemployment rates for core cities have increased by

almost 2 percentage points between 1995 and 2004, and less than 1 percentage point for suburban districts, but have increased by almost 3.5 percentage points for rural districts in agglomerations and peripheral rural districts of low density. The share of the unemployed in long-term unemployment (over one year) also shows greater increases in rural areas than other region types. In rural districts overall that figure has grown 12 percentage points from 28.8% to 40.8%, *versus* a national average increase of only 8.3 percentage points. That figure is even higher for peripheral rural regions of low density (15.1 percentage points) (BBR, 2005a).⁷ This larger increase could be due to a combination of factors in addition to the lack of jobs. For example, with an out-migration of higher skilled workers of greater employability, those workers remaining in rural areas may be less easily employable. Another possible factor is migration of the long-term unemployed back to rural areas where the cost of living is lower.⁸

... and rural districts have significantly less highly skilled labour

The economic development of rural regions can be hindered by a lack of high-skilled labour and an excess of low-skilled labour relative to other region types. It appears that for rural regions, the disadvantage is not so much the share of low-skilled workers relative to other region types as it is a lack of high-skilled workers (see Figure 1.18). Given some comparability challenges in the education systems between East and West Germany, the data is presented separately. For West Germany, the share of low skilled workers in the workforce varies little by region type and is actually lowest in rural districts (29.6%) as compared to core cities (29.9%) and urbanised areas (31.5%). A somewhat greater variation in East Germany results in rural districts at 21.8% having a higher share of low-

Figure 1.18. **Skill level of employed population by region type**



Source: Calculations based on BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn, Germany.

skilled employees than urbanised areas (17.5%) or core cities (23.2%). In both East and West Germany, the per cent of the labour force classified as high skilled (with a university degree or comparable exam) is approximately half the value in rural areas as it is in core cities, with urbanised areas in between. In West Germany, those figures are 10.7% in cities and 4.6% in rural districts. Comparable figures in East Germany are 15% in core cities *versus* 8% in rural districts (BBR, 2005a). This distribution of high-skilled labour is due in part to the out-migration of young and high-skilled people from rural areas to urban centres.

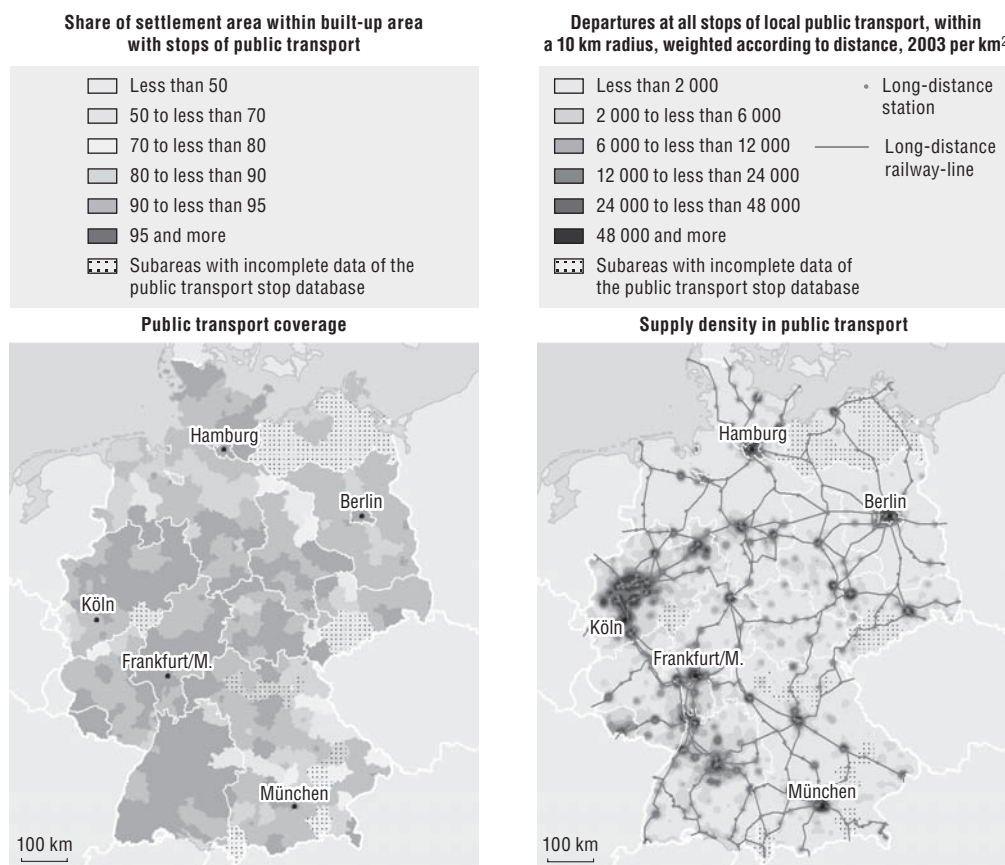
Half of the rural population is “near” a city with access to its jobs and services...

Just over half of the rural population actually lives in a district classified as near an agglomeration or urbanised, providing many opportunities for urban-rural linkages. These rural districts are therefore near an urban centre of at least 100 000 inhabitants. In fact, 45% of the rural population live in a district where at least 50% of the district's municipalities can access one of Germany's 36 supra-regional centres (at least 300 000 inhabitants) by car within 30 minutes (BBR, 2005a). Almost 75% of all German commuters reach their workplace in fewer than 30 minutes (BBR, 2001b).

Not only are many rural residents near one city, but they may reach several regional centres in Germany within a couple of hours. Most rural counties are on average two hours by car to the closest three out of 36 major regional centres in Germany, a few minutes less on average by train. East German districts typically experience longer distances, on average 30 minutes longer than West German districts. That accessibility, whether by car or train, follows the expected pattern of greater accessibility for rural districts close to agglomerations, then urban centres, then peripheral densely populated, and finally peripheral sparsely districts.

Germany's basic transportation infrastructure facilitates this access, albeit with lower levels of supply and density in rural areas. With very minor exceptions, mainly in East Germany, virtually all of Germany may reach a federal highway (*Bundesautobahn*) in less than an hour. By 2015, it is projected that the construction of new highway stretches and access points to cover these pockets of lesser accessibility will greatly reduce travel times, in some cases that reduction in time is expected to be over 45 minutes. There are 19 international airports as well as 22 regional airports around the country that facilitate air travel. Nevertheless, the supply and density of public transport is clearly a major challenge for rural areas as illustrated in Figure 1.19 (BBR, 2005b)

In terms of distance, rural residents clearly have longer commutes. Overall they average 19 kilometres to work, *versus* 16 or 12 kilometres for suburban and core city districts respectively. It is rural districts in

Figure 1.19. **Public transport coverage and density**

Source: BBR (2005b), *Raumordnungsbericht*, Vol. 21, Government of Germany, BBR, Bonn, Germany.

agglomerations that have the longest commute, 22 kilometres. Average commuting distances have increased for cities, suburbs and rural districts of approximately 1 kilometre between 2000 and 2004, with rural districts in agglomerations increasing the most at 1.6 kilometres (BBR, 2005a). Possible explanations for these increasing commuter distances include the general suburbanisation trend (especially in East Germany), or a need to travel farther to find jobs. For long distance commuters travelling over 50 km for work, the rate is clearly much higher in Eastern Germany (see Figure 1.20). In West Germany, those areas of long commuting distance appear to be the related to the extended suburbanisation process around major urban centres, where higher land prices are driving commuters further out.

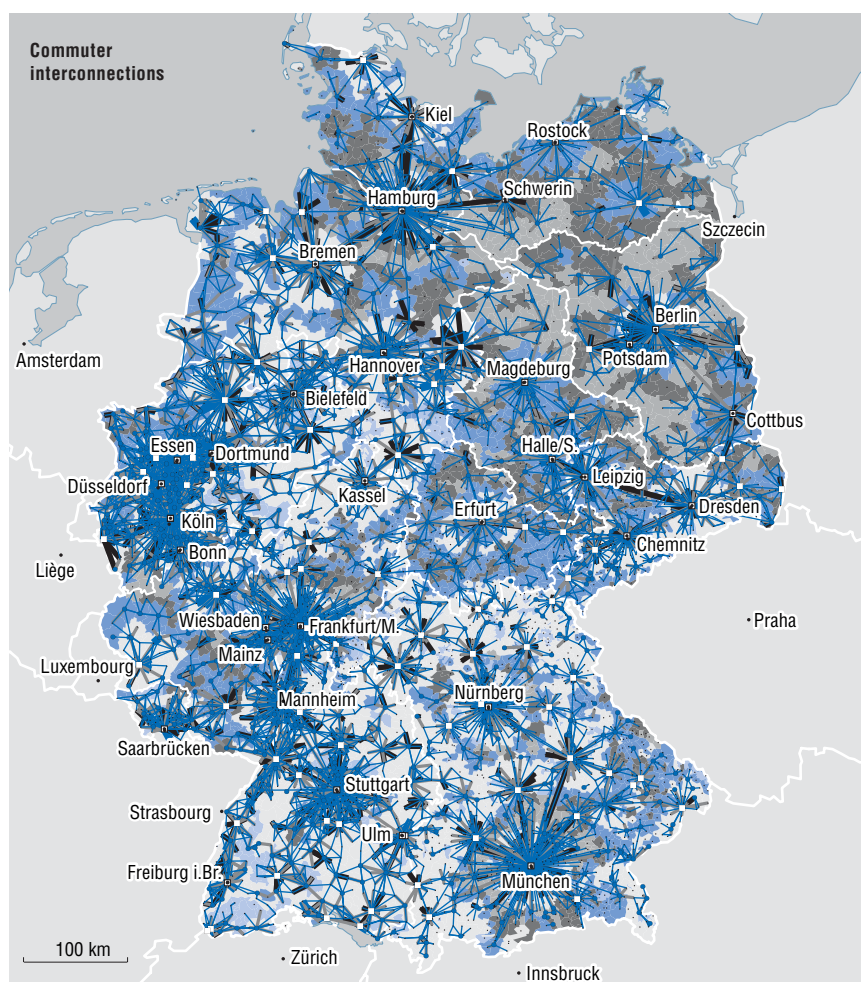
Figure 1.20. **Commuter interconnections**

Commuter interconnections between municipalities broken down by the number of commuters in 2003

- 200 to less than 500
- 500 to less than 1 000
- 1 000 to less than 2 000
- 2 000 and higher
- High-level centre
- Medium-level centre
- Other municipality

Share of commuters with over 50 km of commuter distance of all persons employed subject to compulsory social insurance in 2003 in %

- Less than 5
- 5 to less than 10
- 10 to less than 15
- 15 to less than 20
- 20 and more



Source: BBR (2005b), *Raumordnungsbericht*, Vol. 21, Government of Germany, BBR, Bonn, Germany.

... and more “distant” rural districts generally have access to basic services...

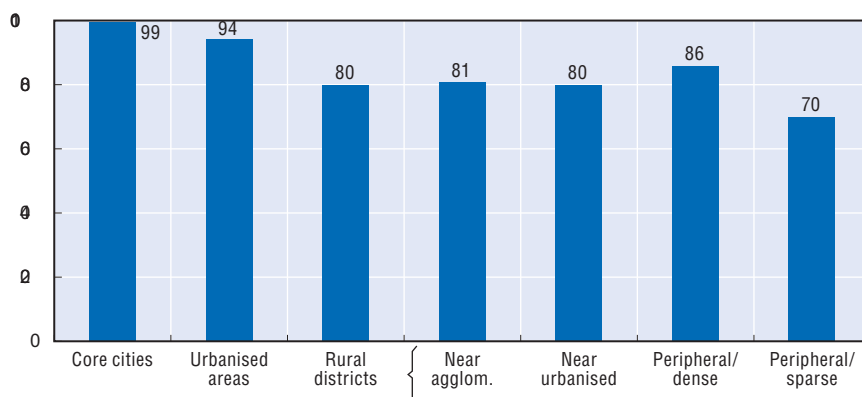
While settlement patterns and transportation systems give many rural regions access to major regional centres, there are rural districts that are clearly more distant from jobs and services. For example, 24% of the rural population live in a district where no municipality has access to a supra-regional centre by car within 30 minutes. To access the next three supra-regional centres, the least accessible counties may average upwards of three hours, indicating a greater dependence on the closest supra-regional centre (BBR, 2005a).

Despite the relative remoteness of some rural districts, Germany's constitutional requirement for equal access to basic public services is observed. At present, residents throughout the country have access to basic telecommunications, health care and education (primary and secondary). There are, expectedly, some differences in terms of distance in access to services as well as the diversity of options available that are described below. Some other services of public interest are perhaps less well distributed. Services such as retail, post and banks are growing thinner in some more remote locations. There are also deficits in terms of libraries and kindergarten/child care facilities.

While basic telecommunications infrastructure is available throughout Germany, access to broadband access is more difficult in peripheral areas as infrastructure investment depends on population density. There is a clear gap in Internet use across different region types, although lack of infrastructure may not be the only driver of these differential use rates. However, broadband access is clearly less accessible in more remote rural regions, particularly in East Germany where DSL is not useable as there are glass fibre connections. For example, only 28% of online users in areas far from cities access the Internet with DSL, versus 44% for metropolitan areas with core cities of more than 500 000 inhabitants (TNS Infratest and Initiative D21, 2006).

Access to hospitals is generally a minor problem given that the regional distribution of ambulant health services provides ready access. On average more than 99% of the population of city districts and 94% of urbanised districts have access to a hospital within 15 minutes by car, but only 80% for rural districts and 70% for peripheral and sparsely populated rural districts (see Figure 1.21) (BBR, 2005a). Deficits in health care system are noted in sparsely populated areas due to the lack of critical mass for closer basic services and in the provision of specific health services given the distances to reach such higher order services. Health care services are generally better in the West than in the East.

In terms of education, the differences in basic access by region type are most notable at the tertiary level. As illustrated in Figure 1.22, the location of important universities requires that students from many rural districts

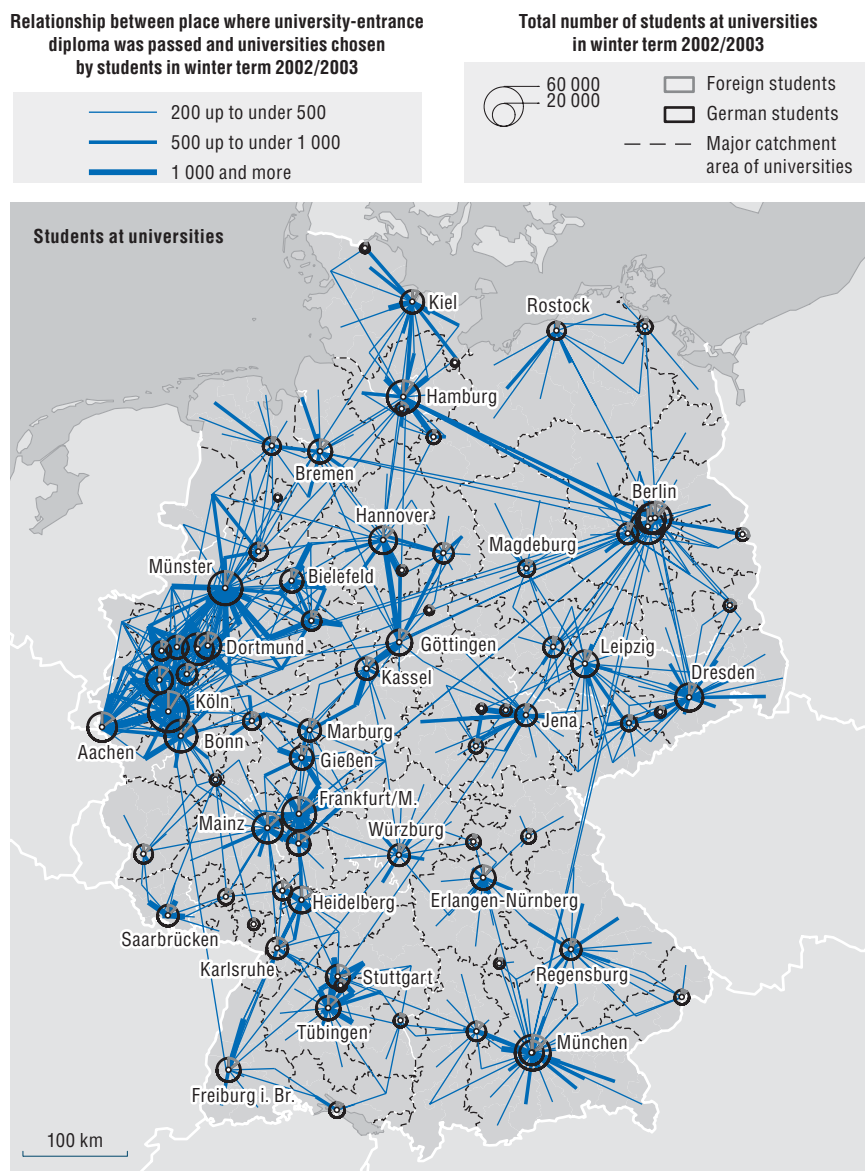
Figure 1.21. **Per cent of population within 15 minutes by car to a hospital**

Source: Calculations based on BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-OM), Bonn, Germany.

migrate to another area for their studies. At the primary and secondary level, access to education has been maintained, even if the ability to maintain the same proximity and level of choices is coming under strain. With the decline in primary age school children given the nation's demographic trends, most notably in East Germany but in the future an issue for different region types, some primary schools are being closed and the range of educational options at secondary schools in some cases is more limited. Some reductions may also be necessary with respect to vocational education programmes as well. There are, however, rural districts that are projected to gain in population of primary school age children so these problems at the primary and secondary level are clearly not uniform across rural areas of Germany.

... but future sustainability of these services is a major concern

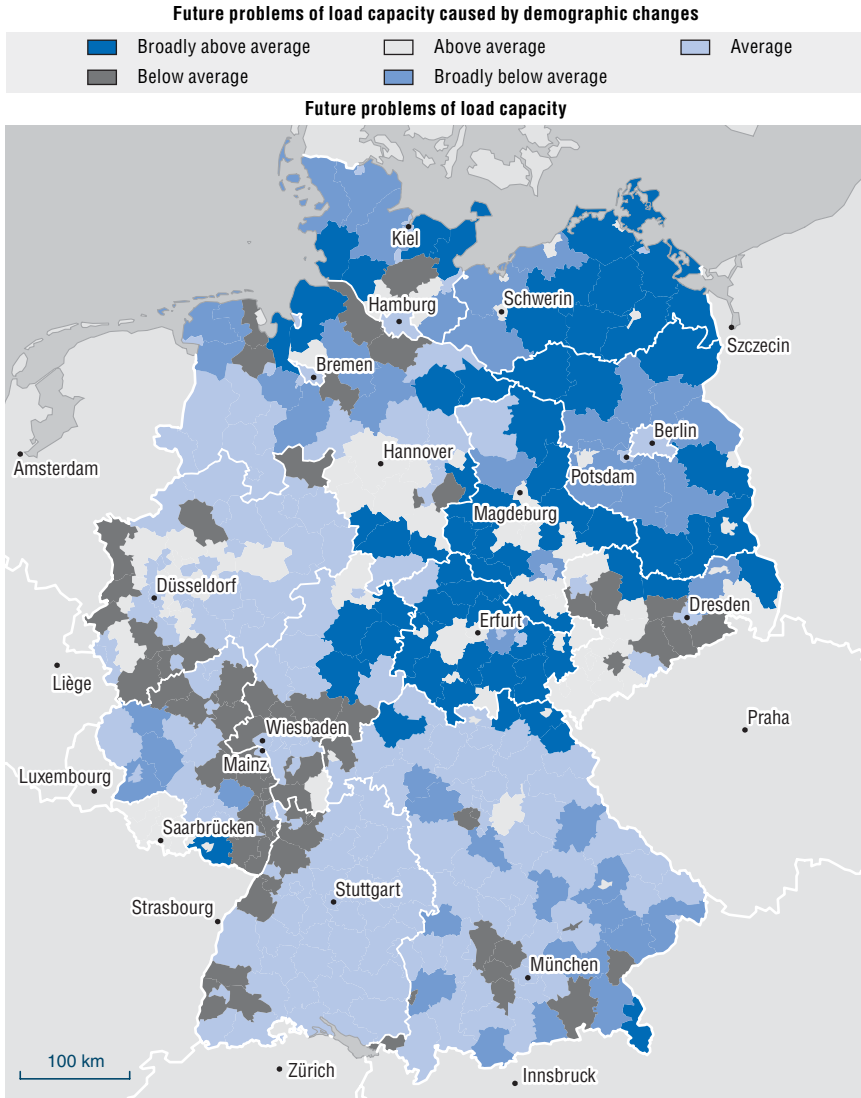
The future sustainability of public services is a major concern for some rural areas given the current settlement pattern and projected demographic trends.⁹ Analysis by the BBR on future sustainability shows many areas where the ability to maintain access to basic services using the current system will come under great strain (see Figure 1.23). In fact, 31% of the rural population live in districts that are expected to have above average to high levels of sustainability problems (BBR, 2005a). This proximity to health care is especially important in the more peripheral and sparsely populated rural areas where the very old population is projected to increase substantially, along with their accompanying health needs and increased level of chronic illnesses. The distribution of general practitioners and the projected declines in their numbers are also of concern for future provision of medical care in those areas. In some remote regions, such as the Mecklenberg Lake District, some localities may have

Figure 1.22. **Location of major German universities**

Source: BBR (2005b), *Raumordnungsbericht*, Vol. 21, Government of Germany, BBR, Bonn, Germany.

no family doctors by 2010, and even middle and high level centres would experience significant losses (BMVBS-BBBR, 2006). Demonstration projects in Germany are underway to identify creative ways to meet these public service delivery needs in the sparsely populated peripheral areas.

Figure 1.23. **Future sustainability of public services**



Source: BBR (2005b), *Raumordnungsbericht*, Vol. 21 Government of Germany, BBR, Bonn, Germany.

1.2.3. Economic structure and performance

Agriculture plays a minor and declining role in the rural economy

Agriculture plays a minor and declining role in the German rural economy, albeit there are clear forward and backward linkages underestimated by basic statistics. In terms of GVA, the share of agriculture was only 2.9% in rural districts in 2003 with an average annual growth rate over the prior ten years of -1.3% (see Table 1.3). It is interesting to note that the nominal growth of GVA in agriculture is actually highest in core cities, which merits further analysis for the policy implications of more “productive” agriculture in such areas. Similarly, with respect to employment, only 4.7% of employment was in agriculture, forestry and fisheries, the result of a compound annual growth rate between 1994 and 2004 of -3.3%. This decline in the employment share in agriculture is falling faster in rural areas than in suburban areas (-2.7%) or cities (-2.2%), due in part to the still higher number of existing farms in rural areas (BMELV, 2006a). In the East, the extraordinary decline of agricultural employment resulted from the outstandingly high proportion of agriculturally employed people due to low labour productivity, redundancy and the provision of additional services (child care, food services) related to the large collective farms.

Table 1.3. **Economic sector (GVA) by region type**

	Core cities (%)	High-density districts (%)	Rural districts (%)
Share of farming, forestry and fisheries in the gross value added (GVA) 2003	0.2	1.5	2.9
<i>Growth rate 1998-2003 (per annum)</i>	<i>0.8</i>	<i>-1.4</i>	<i>-1.3</i>
Share of the manufacturing sector in GVA 2003	26.4	31.8	30.2
<i>Growth rate 1998-2003 (per annum)</i>	<i>-0.8</i>	<i>0.4</i>	<i>0.2</i>
Share of services in GVA 2003	73.4	66.7	66.9
<i>Growth rate 1998-2003 (per annum)</i>	<i>2.3</i>	<i>2.7</i>	<i>2.6</i>

Note: Nominal growth rates.

Source: Working group on “National Accounts of the Länder”, BBR calculation as cited in BMELV (2006a), “Background Report for the OECD Case Study on Rural Policy in Germany”, Draft Document, 20 March.

Many farms are small and running on a part-time basis. Out of overall 372 000 farms (2004) approximately 55% are running on a part-time basis. Less than 8% of all farms (accounting for about half of the entire utilised agricultural area, UAA) cultivate at least 100 hectares per UAA. An average farm size of about 30 hectares underlines a predominantly small structure of the German farming sector in general (for more information, see BMELV, 2005b). There are of course major differences in farm size by region. Given the history of collective farms in East Germany, the average farm size is much higher (199 hectares per farm in a rural district), than in West Germany (32 hectares) (BBR, 2005a).

Table 1.4. **Economic sector (employment) by region type**

	Core cities (%)	High-density districts (%)	Rural districts (%)
Share of farming, forestry and fisheries in regional employment in 2004	0.4	2.5	4.7
<i>Growth rate 1994-2004 (CAGR)</i>	-2.2	-2.7	-3.3
Share of the manufacturing sector in regional employment in 2004	19.6	30.8	29.6
<i>Growth rate 1994-2004 (CAGR)</i>	-3.1	-2.1	-1.7
Share of service sector in regional employment in 2004	79.9	66.7	65.7
<i>Growth rate 1994-2004 (CAGR)</i>	1.0	1.3	1.2

Note: Figures are not based on full-time equivalents (FTE).

Source: BBR calculations as cited in BMELV (2006a), "Background Report for the OECD Case Study on Rural Policy in Germany", Draft Document, 20 March.

There is also notable diversification of income to farm households. According to national statistics, nearly 80% of all farm households constitute their household income from at least two sources. Per an OECD study of farm household income, using a narrow definition of such households for Germany, approximately 35-40% of those households had income from non-farm sources (see Figure 1.24). The strategy of on-farm diversification has become more attractive, thanks in part to European and regional (*Länder*) programmes for rural development.

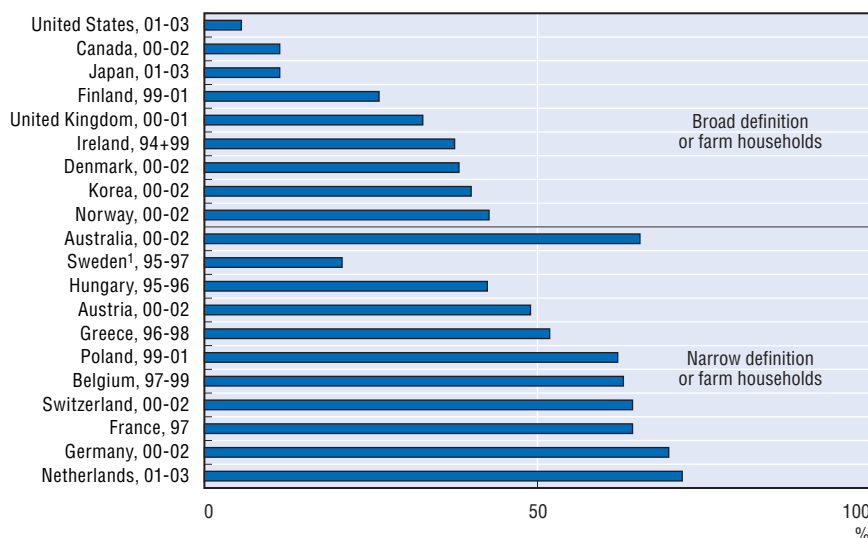
Diversification of both farm and non-farm income is providing new opportunities for farm households. New farm-related income sources include higher value added agricultural products such as organic farming. In fact, Uecker-Randow, the district in Mecklenburg-West Pomerania with the lowest disposable income in Germany, is actively using this strategy and has one of the highest per cent of farmland dedicated to organic farming (23.7%). The Dahme-Spreewald, a rural district near an agglomeration in Brandenburg, dedicates 28.8% of its farmland to organic farming (BBR, 2005a). In 2004, 3.9% of all farms were organic (Knickel, 2005). Farm tourism and marketing of own produce are other opportunities now being exploited by German farmers related to farming. For example, in Germany's *Regionen Aktiv* programme, 37% of the projects included a major eco-tourism component (Knickel, *et al.*, 2006). More research is necessary to better understand the nature of both farming and non-farming related income in farm households.

Rural and "intermediate" districts possess similar economic structure, smaller tertiary sector than cities

In terms of both employment and GVA, the economic structure varies little between rural districts and higher density "intermediate" districts. The clear differences are with core cities, where the service sector comprises

Figure 1.24. **Per cent of farm income in farm household income**

Average of three most recent years available



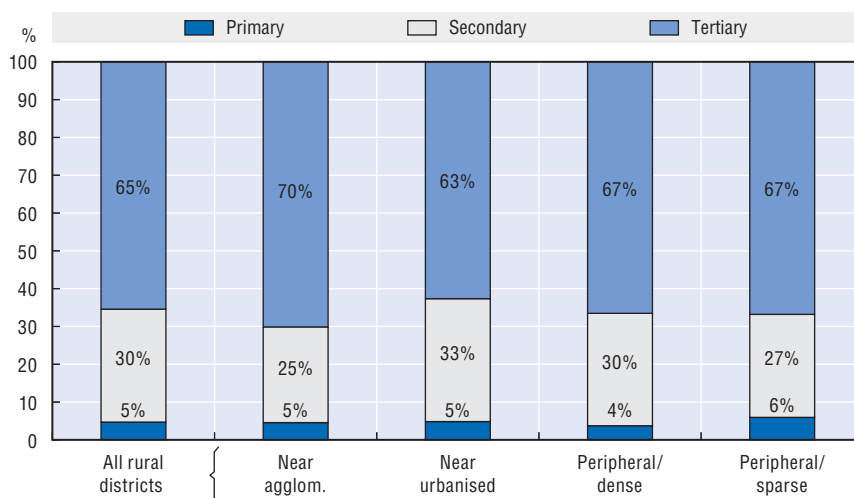
Note: Data are not comparable across countries.

1. Income from independent activities.

Source: OECD (2003a), *Farm Household Income: Issues and Policy Responses*, OECD Publications, Paris (updated figures in policy brief).

a noticeably greater per cent of the economy (73% of GVA and 80% of employment) as opposed to rural areas (67% GVA and 66% employment) (see Tables 1.3 and 1.4 above). Looking at the different types of rural districts, there are some variations with rural districts close to agglomerations having a noticeably higher per cent of employment in the tertiary sector (70%), as would be expected given their proximity to large urban centres (BBR, 2005a). The breakout between primary, secondary and tertiary sectors in rural districts in Germany does vary by rural district type (see Figure 1.25).

Since agriculture is not driving the economy in rural districts, what is? A more detailed breakout of employment by industrial category (Table 1.5) illustrates the nature of the differences in levels and types of manufacturing and service employment between rural and other district types. In terms of manufacturing, while the per cent of overall employment in manufacturing for finished products is not significantly different in core cities (10.1%) as compared to rural districts (10.8%), rural districts are much more engaged in the manufacture of materials and components (11.8%) as compared to core cities (7.0%). Food and beverage manufacturing is more a rural district activity (3.9% *versus* 1.4% in core cities and 2.9% in urbanised areas). Among services, the most striking difference is the relatively lower rate of employment

Figure 1.25. **Employment by sector in rural areas**

Source: Calculations based on BBR (2005a), INKAR: *Indikatoren und Karten zur Raumentwicklung* (CD-ROM), Bonn, Germany.

in professional services (financial intermediation, real estate, renting and business activities) in rural districts (9.6%) relative to urbanised districts (12.6%) and core cities (22.7%) (BBR, 2005a). Among rural districts, trade employment is highest in districts near agglomerations and lowest in sparsely populated peripheral districts. Sparsely populated rural districts have a higher percentage of employment dedicated to tourism than other district types.

These statistics do not, however, fully capture the economic linkages between agriculture and other sectors of employment important to rural areas. There are a few industrial categories more highly represented in rural areas where domestic agricultural products are clearly an input. For example, inputs from agriculture, hunting, forestry and fishing represent 19.1% of the value of industry output for food products, beverages and tobacco, 3.7% of that for the same industry (agriculture, hunting, forestry and fishing) and 2.7% of that for wood and products of wood and cork (see Table 1.A1.1 in Annex for more details extracted from an Input-Output table for Germany).

The sectoral trends in rural regions have changed slightly over the last five years, but not always in the same direction as other region types. Between 1999 and 2004, rural regions experienced a decline in the per cent of employment attributable to agriculture, fishing and mining (from 3.4% to 3.0%), an increase in the per cent attributable to manufacturing (from 26.7% to 27.4%) and approximately the same share in employment attributable to

Table 1.5. **Employment by industrial category**
In %, 2004

	Germany	District type			Rural districts			
		Core cities	Urbanised districts	Rural districts	Near agglomeration	Near urbanised area	Densely populated, peripheral	Sparsely populated, peripheral
Agriculture, fishing and mining	1.6	0.7	1.7	3.0	3.3	3.2	2.1	3.8
Manufacturing total	25.6	18.7	31.2	27.4	19.8	31.1	28.4	24.2
Food	2.6	1.4	2.9	3.9	3.2	4.1	3.8	4.4
Textile and leather	0.7	0.3	1.0	0.8	0.4	0.8	1.3	0.5
Materials and components	10.4	7.0	13.0	11.8	9.0	14.0	11.4	10.1
Equipment and other products	11.9	10.1	14.3	10.8	7.1	12.3	11.8	9.2
Services total	72.8	80.6	67.0	69.7	76.9	65.7	69.5	72.0
Transport, construction, utility	12.7	11.9	12.3	14.5	17.3	14.4	13.4	14.5
Trade	14.9	13.9	15.9	14.7	16.5	14.5	14.8	13.8
Tourism	2.8	2.9	2.4	3.4	2.6	3.1	3.4	4.7
Professional services	15.7	22.7	12.6	9.6	10.6	8.5	10.8	9.2
Public and social services	26.7	29.2	23.8	27.4	30.0	25.2	27.1	29.8

Note: Data in this table comes from a different source as Table 1.4 above, therefore there may be some minor variations. The category natural resources includes agriculture, fishing and mining and quarrying (NACE codes A, B and C). Manufacturing of materials and components includes NACE codes DD through DJ and finished products includes NACE codes DK through DN. Professional services includes NACE codes J and K. Public and social services includes NACE codes L through Q plus Other.

Source: Calculations based on data provided by BBR.

services (69.9% to 69.7%). In other region types, the per cent attributable to manufacturing declined while services increased (see Table 1.A1.2 in Annex for 1999 data).

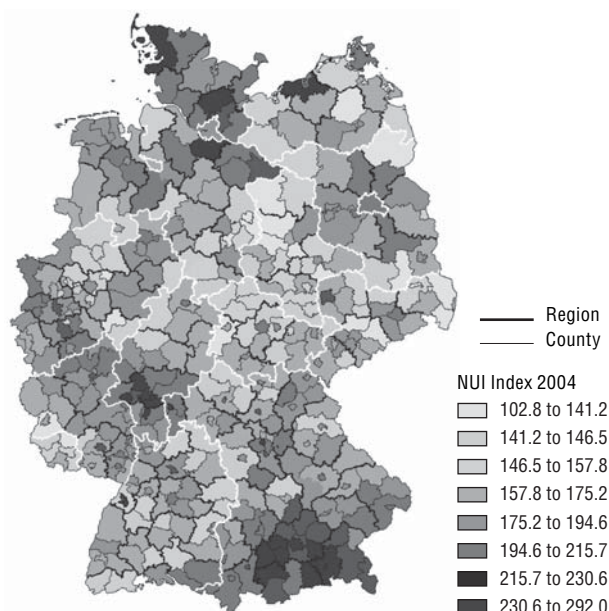
Some rural regions showing economic dynamism...

In West Germany, more than two in five rural districts have experienced employment growth, although few East German rural districts have. Of the 439 districts total, 162 districts experienced an increase in the per cent of employed persons in 2003 as compared with 1995. Given the poorer economic health on average in East Germany, only two of those 162 rural districts were from East Germany and both are rural districts (Bad Doberan district in Mecklenburg-West Pomerania at 1.3% and the Potsdam-Mittelmark district in Brandenburg near Berlin at 0.2%). Among the West German districts, a higher

per cent of rural districts (42%) than core city districts (37%) experienced an increase in the number of employed persons, with urbanised districts showing very strong employment growth (61%). Among the top 20 districts, all with increases over 10%, four are rural districts. Among the bottom 20 districts, 14 out of 20 are rural (BBR, 2005a).

The rate of firm starts provides another measure of economic dynamism, and many of the leading districts in the country are actually rural (see Figure 1.26). A ranking of districts by firm starts produced by the *Institut für Mittelstandsforschung Bonn* (IfM), the NUI index,¹⁰ reveals that in the top 20 districts, seven are rural, only one of which is from East Germany (Bad Doberan). In the 20 worst ranking districts, 12 of those are rural, all but one being from East Germany. In West Germany, the average NUI index score was almost the same for rural (182) and core cities (182.8) and only slightly higher for high density districts (183.4). In East Germany, rural districts (162.5) and high density districts (161.6) are clearly less dynamic than core cities (188.1). It should be noted that since 2004, an increasing number of one-person enterprises has been recorded due to changes in national labour

Figure 1.26. **Firm start-ups by region**



Source: Institut für Mittelstandsforschung Bonn (IfM) (www.ifm-bonn.de).

market policy that encourage unemployed people to start firms, but those

firms often have a high failure rate.¹¹ Additionally, the growth in micro-enterprises of up to four employees is increasing in rural areas, while employment in larger companies is constant or declining (BMELV, 2006).

... but may lack effective firm clustering and other resources to support growth and innovation

Germany is noted for the economic weight of its SME sector, or *Mittelstand*, and their barriers to development are especially important for rural areas. For Germany overall in 2003, the *Mittelstand* account for 70.2% of all employees in private business as well as 41.2% of turnover and 99.7% of all enterprises subject to VAT.¹² They also play an important role in the vocational training system in Germany, training 81.9% of all apprentices, a role that SMEs do not necessarily play in rural areas of other countries. Of total exports in 2002 (EUR 736 billion), SMEs account for approximately 21%. Among SMEs with a turnover of EUR 250 000 to EUR 500 000, one in seven SMEs is active in exports and for those with a turnover of EUR 500 000 to EUR 1 million, one in five SMEs is active in exports (IfM, 2004).

In addition to the importance of SME development in general, many rural areas in Germany lack the concentration of firms that contribute to innovation and growth. One study of clusters (termed spatially concentrated industries or SCI) in East Germany highlights quantitatively the kinds of gaps in rural areas relative to other district types. As illustrated in Table 1.6, the concentration of “clusters” in rural spaces is under-represented relative to those regions’ share of inhabitants and business units. Note that in this case the classification of rural does not include rural counties close to agglomerations or urbanised areas but

Table 1.6. Spatially concentrated industries in East Germany by region type

Region type	Number (%) SCI	Percentage of business units	Percentage of inhabitants	Number (%) high concentration SCI	Number (%) medium concentration SCI	Number (%) low concentration SCI
Agglomerated spaces	190 (54.8%)	51.5%	48.6%	42 (50.6%)	76 (55.1%)	72 (57.1%)
Urbanised spaces	118 (34.0%)	30.2%	32.0%	26 (31.3%)	50 (36.2%)	42 (33.3%)
Rural spaces	39 (11.2%)	18.4%	19.4%	15 (18.1%)	12 (8.7%)	12 (9.5%)
Total	347 (100.0%)	100.0%	100.0%	83 (100.0%)	138 (100.0%)	126 (100.0%)

Note: Region type based on BBR definition of regional area planning unit. Only those spatial planning units unequivocally classifiable by region type were included.

Source: Franz, Peter, et al. (2005), “The Pattern of Spatially Concentrated Industries in East Germany: A Contribution to the Discussion on Economic ‘Clusters’”, paper prepared for the international conference “Regional Growth Agendas” of the Regional Studies Association at Aalborg, Denmark, 28-31 May 2005, data cited drawn from several sources.

rather only those rural counties considered peripheral. They also found that overall, most SCIs did not have a corresponding formal business network, and that most SCIs with a formal network were found in high or medium population density regions. In addition, of the regions where the share of SCI containing a corresponding formal network was less than 20%, five out of seven were sparsely populated rural regions. Furthermore, for the 39 SCIs in rural spaces, none had an accompanying classification of a formalised network or a presence of innovative competences. The industries in SCIs absent from rural areas could be categorised as knowledge intensive. A classification of innovative competencies also noted that the majority are in or close to agglomerations as opposed to other region types (Franz, et al., 2005).

1.2.4. Environment and sustainability

Multi-functionality of agriculture, including environment considerations, a key issue

With approximately 55% of land in rural areas (53% nationally) used for agriculture, the importance on land use of policies related to agriculture is undeniable. Over time, it is expected that agriculture land use will decrease in unfavourable locations, and abandonment of these lands could have negative impacts on the desirability of the area for other purposes. In contrast, a concentration of agricultural activity in the more favourable locations could have a negative impact on the natural resources in those areas like water quality.

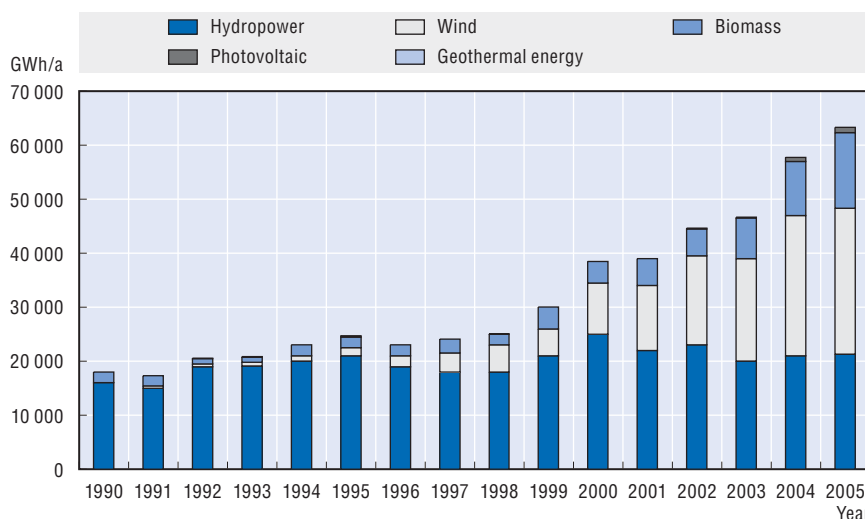
The importance of the “multi-functionality” of agriculture, the other positive or negative impacts on land as a result of farming, is therefore a vital rural development issue. The quantification of “non-commodity outputs” includes landscapes, cultural heritage values, environmental outputs, and food security among others (OECD, 2001; OECD, 2003). Rural areas as locations of agricultural production and forestry provide important internal (food, wood, energy, etc.) and external (oxygen, climate, landscape, cultural heritage, etc.) services. While the producer prices for most internal services decline, the importance of external services accelerates although no satisfactory remuneration exists. As those external services are not integrated into the calculation of GNP, the entire macroeconomic output of agriculture and forestry exceeds what is registered in the official statistics.

Germany is a pioneering country in terms of agri-environmental measures to promote sustainable nature and landscape management. By 2003, 29% of farmland is supported by programmes for the promotion of ecologically sound agricultural production methods as well as habitat protection (BMELV statistics quoted in Knickel, 2005).

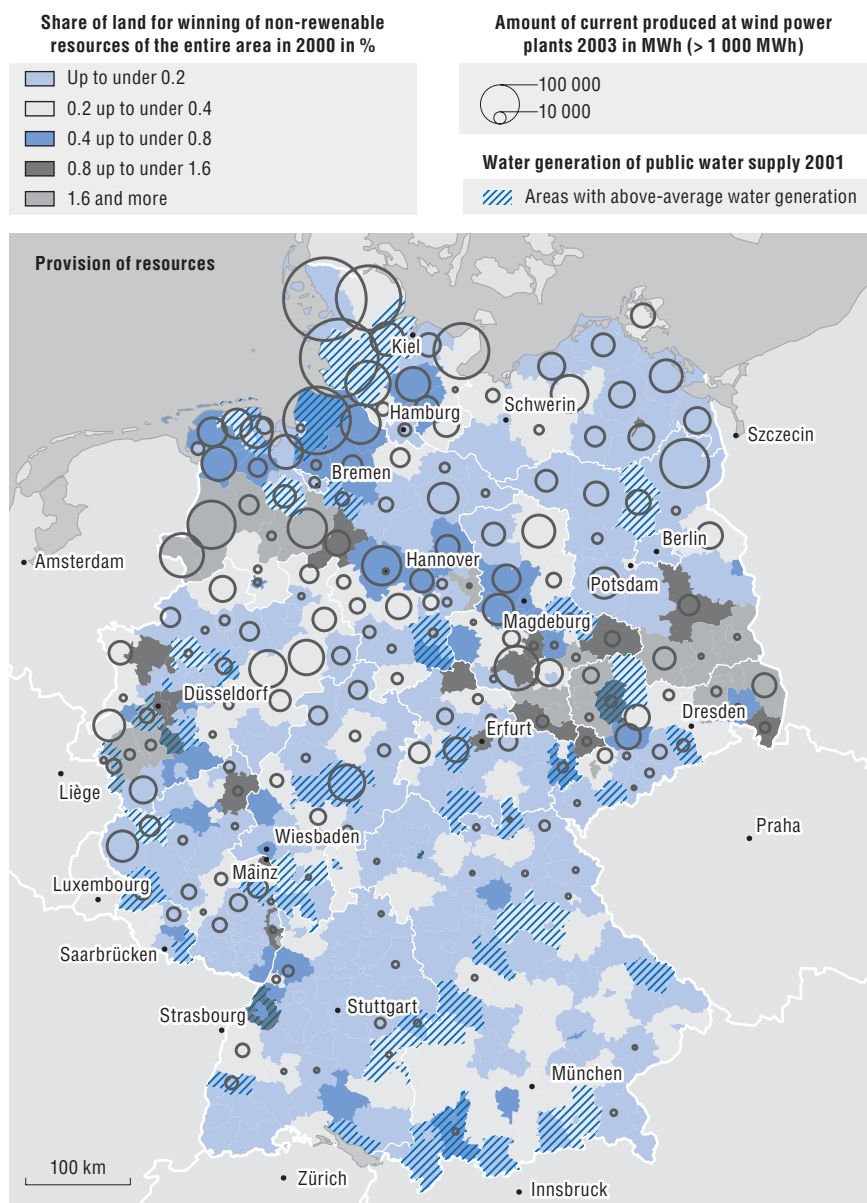
Alternative agriculture and non-agriculture land use, such as renewable energy

Renewable energy sources are clearly an opportunity for rural areas as EU and national policy will only serve to increase the demand for such energy sources. In Germany, renewable energy sources account for 170 000 jobs, EUR 16 billion in revenue, and EUR 4.1 billion in exports (BMU, 2006). An increasing portion of energy is coming from renewable sources, with the greatest growth in wind and biomass generation (see Figure 1.27). In 2003, 8% of arable land was used to cultivate renewable raw materials. Current growth of wood exceeds annual harvest, providing additional biomass possibilities. In 2005, bio-energy made the largest contribution of all renewable energy sources to final energy consumption in Germany. Within Germany, bio-gas electricity generation has grown significantly, doubling in 2005. In the same year, bio-fuel sales also nearly doubled, including not only bio-diesel, but also vegetable oils and bio-ethanol.¹³ As illustrated in Figure 1.28, wind energy and water energy generation are additional opportunities in some rural regions. Germany actually has the highest total installed wind energy in the world (18 428 MW), the next closest countries being Spain (10 027 MW), the United States (9 149 MW), India (4 430 MW) and Denmark (3 122 MW). For wind and water energy generation, economic opportunities are of course limited by topography, as coastal and mountainous areas are often more amenable regions.

Figure 1.27. **Growth of renewable energy generation, 1990-2005**



Source: Preis, Andreas (2006), *Renewables – Energy of the Future: The German Example*, presented at the World Bio-energy Conference, Jönköping Sweden, 31 May 2006; based on data from the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU).

Figure 1.28. **Renewable energy generation**

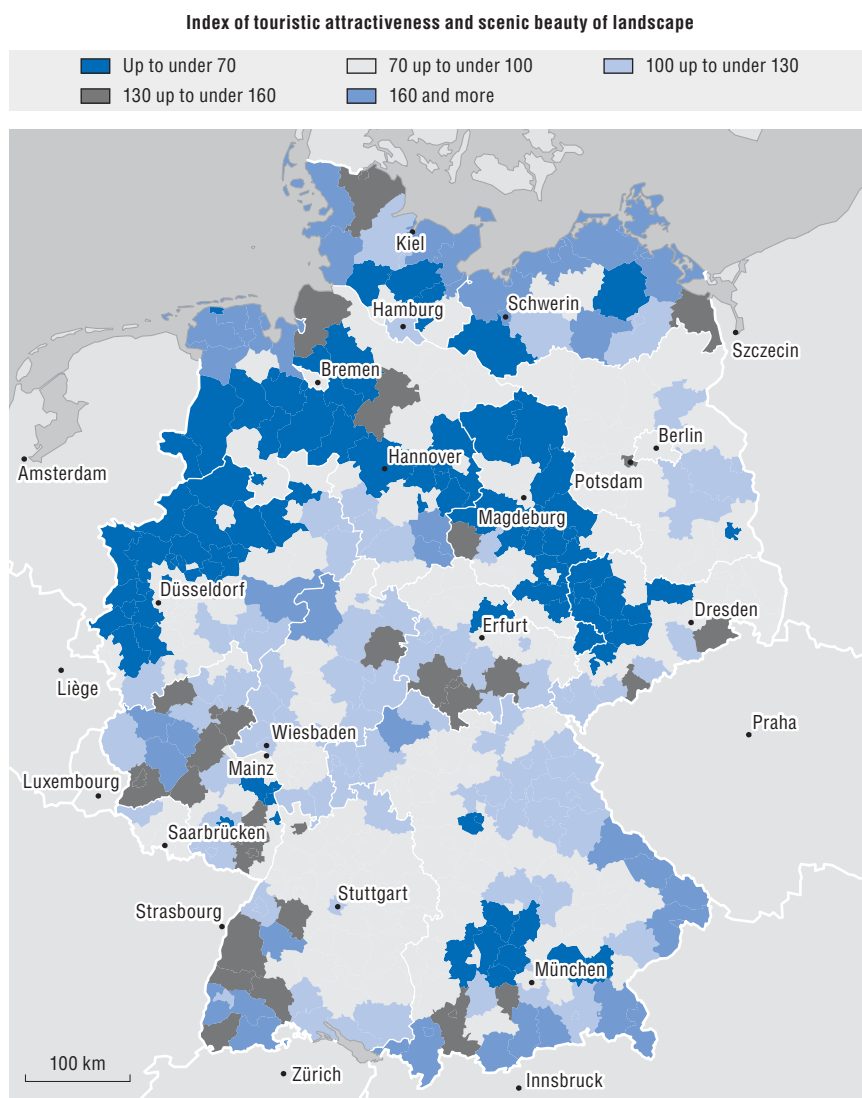
Source: BBR (2005b), *Raumordnungsbericht*, Vol. 21, Government of Germany, BBR, Bonn, Germany.

Economic development opportunities with natural and cultural amenities (tourism and beyond)

Both natural and cultural amenities are economic development resources for rural areas. For example, 52% of projects in Germany's *Regionen Aktiv* programme made adding value and maintaining landscape and other natural resources an explicit objective (Knickel and Jahn, 2006). However, their preservation or development may not be guaranteed by market forces alone. Furthermore, there may be competing uses of those same resources. For example, the development of a wind farm or the development of forestry may be in conflict with other environmental and recreational purpose benefits. Amenities have special conditions relating to both production and consumption that are not always effectively present in conventional markets. Market failures typically occur where there are few direct incentives for private actors, or even public actors, to provide, maintain or invest in the supply of amenities (because it is difficult to convert this investment into revenue accruing solely or in large part to the investors). Each amenity must be analysed to see if it has the characteristics of a public good, a private good, or both, as well as if it involves an externality.

Landscape related amenities offer a potentially underexploited tool for economic development through tourism. As seen in Figure 1.29, many of the areas with the highest value on a scale concerning the tourist appeal and beauty of the landscape are rural areas. In fact, 55 of the 193 rural districts in Germany have above average scores on this scale (top two categories). Thirty-three of those 55 rural districts are actually located in broader regions that are facing economic problems and sources of out-migration (BBR, 2005b and BBR, 2005a). None of those top-scoring districts are rural districts near agglomerations. However, such rural districts have other types of potential tourism appeal that is not captured by this index. Their proximity to large population centres provides other opportunities for tourism on a day-trip basis and can serve as an important urban-rural linkage that provides greater quality of life for urban residents and economic development for rural residents.

In addition to natural amenities, some of Germany's rural districts possess cultural amenities popular for tourism. For example, top visitor destinations outside of towns and cities include UNESCO World Heritage Sites and the castles and fortresses in Bavaria (several million per year), Hesse and Saxony-Anhalt as well as the Sanssouci/Potsdam (see www.european-heritage.net for further details). Indices of cultural assets are at too aggregate a level to make comments specifically about rural districts in Germany, but as illustrated in Figure 1.30 there are parts of Germany outside of urban areas with a clear presence of cultural sites (EU-BBR, 2001). Given the nature of the index and its critiques,¹⁴ the important focus is on the differentiation within Germany.

Figure 1.29. **Tourist appeal and beauty of landscape**

Source: BBR (2005b), *Raumordnungsbericht*, Vol. 21, Government of Germany, BBR, Bonn, Germany.

1.3. What are the policy challenges for rural areas?

Diversity of rural region types identified...

While taken as a group rural regions often lag behind core cities and suburban areas on average, the wide variation across rural regions reveals that some perform even better. There are numerous ways to categorise these rural

Figure 1.30. **Presence of cultural sites**

Source: EU-BBR (2001), *Criteria for the Spatial Differentiation of the EU Territory: Cultural Assets*, Study Programme on European Spatial Planning, Federal Office for Building and Regional Planning, Bonn, based on calculations using Italian Touring Club data.

regions based on a range of dimensions, such as distance and population density, demographic trends, economic performance, East *versus* West Germany, etc. Many of these dimensions are inter-related, as demographic trends impact economic performance and *vice versa*.

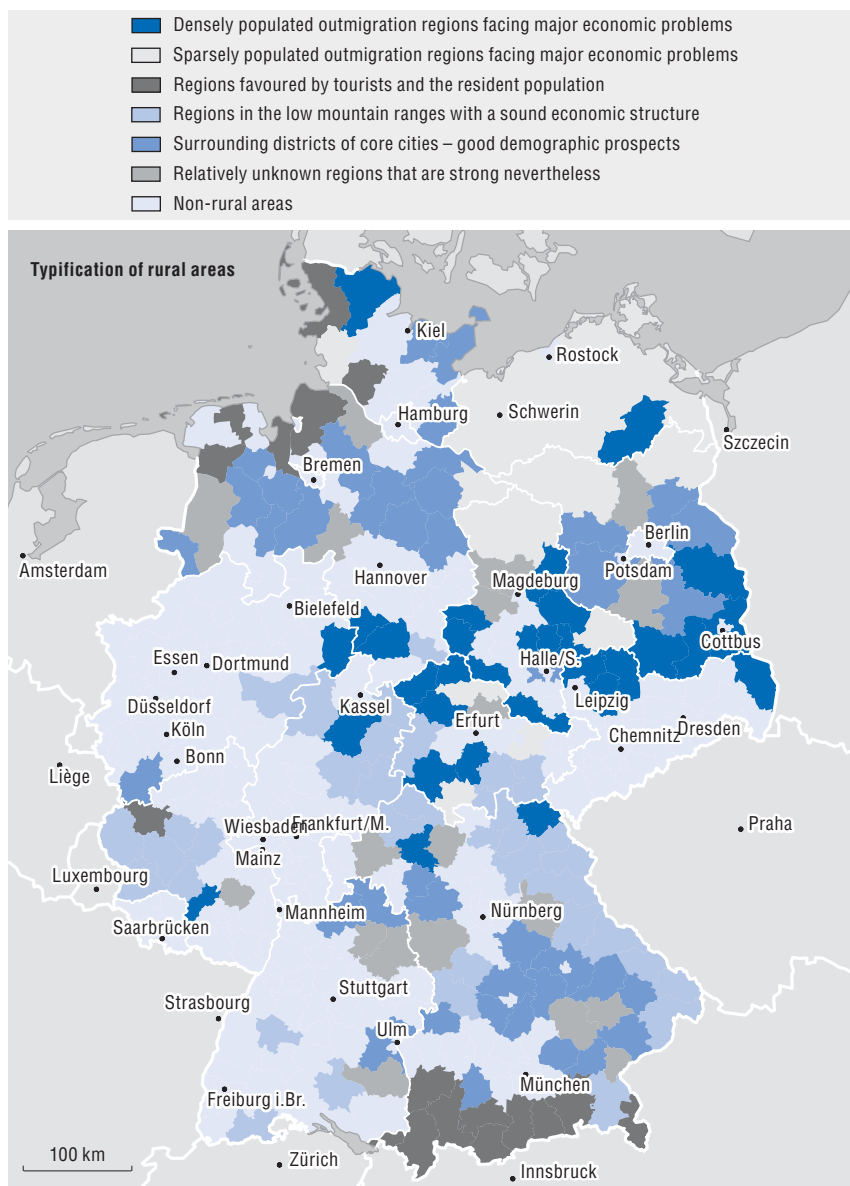
The categorisation of four region types used by BBR makes a distinction by population density and proximity to urban areas. The data points to some advantages for rural districts in proximity to large and medium-sized cities in terms of economic linkages, greater access to higher level public services and demographic prospects. However, these districts close to large cities also suffer from the other challenges, including the pressures of absorbing high rates of in-migration. Rural districts closer to medium-sized cities account for

over one-third of Germany's rural areas (land, population, GDP) and in some cases perform better than those districts close to larger cities. Densely populated peripheral rural regions actually perform the best of the four region types on several indicators of well-being. They also show the lowest out-migration of young adults, implying greater access to jobs and educational opportunities. However, it is low density peripheral regions that are generally worst off overall given their poorer performance on the constellation of variables, including depopulation.

Table 1.7. **Findings by rural district type**

Rural district type	Select findings
In agglomerations	• 14% of rural surface area, 15% of rural population and 13% of rural GDP • Highest population growth but notable out-migration of young adults • Highest disposable income levels (lowest GDP per capita but commuting a potential bias) • Greater share of labour force in the service sector • Longest commute (in kilometres) to workplace • Average access to hospitals but potentially greater access to other public services • Closest to major transportation networks
In urbanised regions	• 35% of rural surface area, 37% of rural population and 36% of GDP • Low levels of population increase and notable out-migration of young adults • Moderate GDP per capita and disposable income levels • Lowest unemployment rate in the West, relatively high in the East • Average access to hospitals but potentially greater access to other public services • Closer to major transportation networks
Major density in periphery	• 23% of rural surface area, 30% of rural population, and 34% of rural GDP • Notable population growth and lowest level of young adult out-migration • Strong GDP per capita • Lowest unemployment rate in the East, highest in the West • Best access to hospitals • Variable access to major transportation networks
Minor density in periphery	• 28% of rural surface area, 18% of rural population and 17% of rural GDP • Depopulation through ageing and out-migration, especially of young adults • Lowest levels of disposable income and low level of GDP per capita • Highest unemployment rate in East Germany, lowest in West Germany • Farther from hospitals and some other basic public services • Greatest deficits and most remote from transportation infrastructure

One cluster analysis conducted by the BBR identified six distinct types of rural areas based on over 30 different variables (see Figure 1.31). These variables cover demography, employment, settlement structure, land use, etc. (BMELV, 2006a). Clusters 1 and 2 are the most troubled, facing economic problems and experiencing out-migration. These regions are predominantly located in Eastern Germany. There are other categories of rural areas with sound economic structure and demographic perspectives. Cluster 3 is one of those categories, covering the low mountain ranges mainly in southern

Figure 1.31. **Classification of rural areas**Types of rural areas (in general with less than 150 inhabitants/km²)

Source: BMELV (2006a), "Background Report for the OECD Case Study on Rural Policy in Germany", Draft Document, 20 March, based on BBR analysis.

Bavaria and by the North Sea. Cluster 4 of rural districts surrounding a core city often benefit demographically from migration. Cluster 5 regions tend to have notable tourism. Some rural regions, those in Cluster 6, actually appeared to be economically strong but without any obvious advantage, which implies some interesting economic development trajectories that merit further study. One disadvantage to this categorisation is that the potential of certain rural districts is not as obvious. For example, the island of Rügen and the lake district Mecklenburgische Seenplatte in Mecklenburg West-Pomerania have high rates of tourism overnight stays, but those districts are part of the cluster “high out-migration with strong economic problems” because unemployment, GDP growth and related variables have a higher impact in the analysis for clustering.

... necessitating a diversified territorial approach

The data and resulting typologies of rural regions call for a range of policy solutions. While some measures may be general to all rural areas, to be effective many others need to be specifically targeted to certain region types. Whether those variations are in population density, distance from major urban centres, or available amenities. “Soft” factors for successful place-based development should not be underestimated in that process, including motivation, flexibility, support from local/regional authorities, quality of networking, and degree of innovation, among other factors. The financial capacity of the German *Länder* to support regional/rural development also varies and shapes the policy options. While some *Länder* (East, North) had challenges to fully benefit from financial support provided by the EU due to an inability for co-financing, *Länder* in the south and middle of Germany (including Bavaria, Baden-Württemberg, and Hesse) enlarged the existing programmes with regionally financed measures.

- *Urban-rural linkages:* With approximately half of the rural population in proximity to a large urban centre, there are very clear opportunities with respect to both rural and urban regions. Rural regions benefit through greater economic activity but the urban regions benefit in terms of natural resources, recreation and quality of life. However, a major challenge for successful linkages is the ability to make them explicit, as opposed to assuming a trickling down of benefits by merely supporting the nearby urban centres.
- *Minimum public services:* The strain on public services is starting to show in the more sparsely populated peripheral areas, mainly in East Germany, as a result of faster rates of ageing and depopulation. Demographic projects show that these trends will only get worse. These challenges are not easy to address, but some demonstration projects are already underway to adjust public services in areas of population decline and hopefully opportunities here will at least meet needs for service equity (BMVBS-BBR, 2006). However, these new solutions alone will not be able to stem the migration tide.

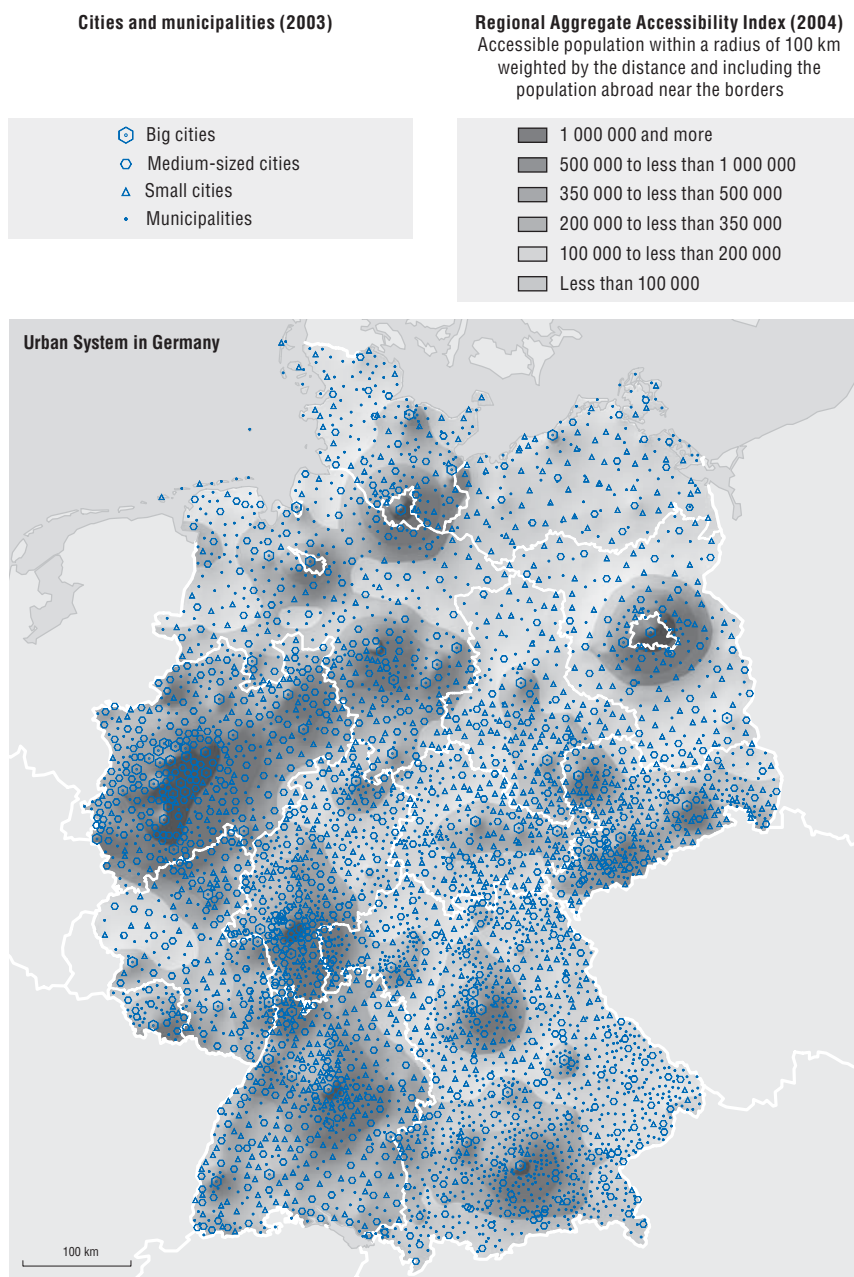
- *Exploiting amenities*: The opportunities for exploiting amenities such as tourism in rural districts require concerted policy effort. Given their sometimes public and semi-public good aspects, there are clear policy challenges to ensuring the right incentives for their sustainable development. Building on some of the existing attempts in Germany at regionally based development strategies, which demonstrated the comprehensive use of hard and soft factors, all types of stakeholders, including policy actors, contribute to the broader exploitation of regional potential.
- *Business development*: There are some rural areas that are clearly growing economically, but many are not. The lack of job opportunities is also driving migration of young adults from East to West and out of sparsely populated peripheral districts. Sectors such as tourism, renewable energy, and health and well-being (especially for the elderly) are among the many possibilities in rural districts. Furthermore, firms in certain rural areas may lack the necessary critical mass of like firms (clusters), or innovative infrastructure (human resources, knowledge generators) to further grow. Attracting or retaining such firms, institutions and skilled labour in those areas is a major policy challenge.
- *Generalise the updated approach to agriculture (rural development)*: The small and declining weight of agriculture in the German rural economy calls for a shift from the former sector orientated (agricultural) policy to an integrated rural development policy. Pilot projects are underway that focus on developing niche agricultural products and promoting greater awareness among urban populations but there are opportunities for greater advancement with increased levels of financial and other resources to such an integrated approach.

Notes

1. The OECD Territorial Database has undergone a change in the regional unit of analysis for Germany. In the forthcoming publication of *OECD Regions at a Glance* (2007), the new OECD Territorial Level 3 will map to aggregations of the German district level (i.e., the European NUTS 3 level). In the past, data for German regions was based on a different spatial unit.
2. In some analyses by district, the BBR groups urban districts of < 100 000 inhabitants with their surrounding districts.
3. This figure is based on the population counts for 2004 available from Eurostat for all rural districts. Separate estimates by the BBR based on a slightly different calculation of rural results in a slightly higher count of 22.4 million.
4. For more information, see www.zuwanderung.de, Germany's Federal Ministry of the Interior.
5. See www.perspective-deutschland.de and further analysis in Kawka, 2006.

6. Calculations based on unweighted averages.
7. Calculations based on weighted averages.
8. An increasing number of people without a job are no longer registered as “unemployed” due to changes in the national labour market statistics as well as in labour market and social policy.
9. This indicator is based on three criteria, the population forecast for three different age groups (< 20 years, 20-65 years, and > 65 years), forecasted in-migration and present population density.
10. The IfM NUI ranking illustrates how many businesses per 10 000 inhabitants of employable age (18-65) in a region were newly registered in one year in a given district through a firm’s foundation or move.
11. Per IfM, the promotion instrument business start-up subsidy (Ich AG) resulted in over 171 000 persons becoming self-employed in 2004. With the help of interim funds (*Überbrückungsgeld*), 184 000 persons changed to a self-employment activity. This shift increased firm starts and thus the NUI indicator average of all regions of Germany from 149.3 (2003) to 178.3.
12. These figures are for firms with fewer than 500 employees and a turnover of less than EUR 50 million.
13. Data generated by the *Arbeitsgemeinschaft Erneuerbare Energien Statistik* (AGEE-Stat), Working Group on Renewable Energies/Statistics, as of February 2006.
14. See www.difu.de/english/occasional/preservation-cultural-assets.shtml for a critique of this index and its focus on tourism, as the vast majority of all monuments in Germany are privately used residential buildings (BBR, 2001a).

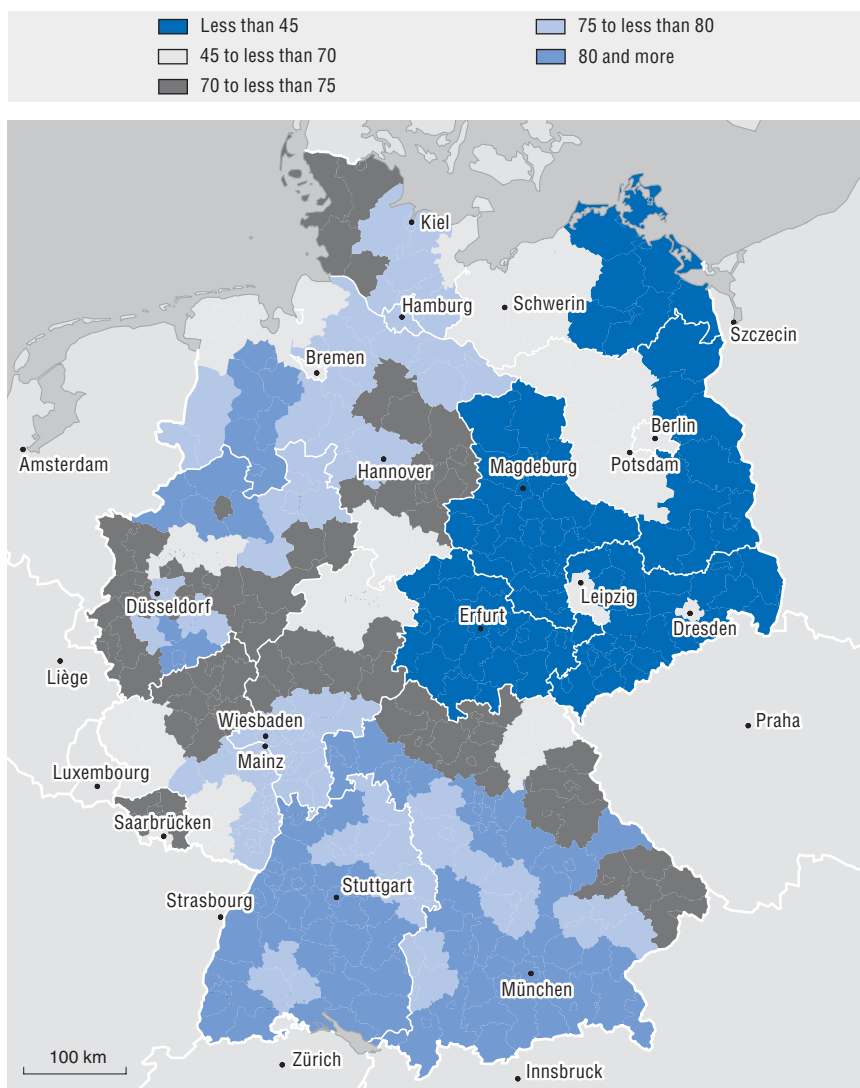
ANNEX 1.A1

Figure 1.A1.1. **Regional accessibility**

Note: Municipalities based on municipal unions as lowest interregional comparable administrative units.
Source: European Urban Knowledge Network (2006). EUKN website. www.eukn.org/germany/germanurbanpolicy/germanmunicipalsystem/index.html.

Figure 1.A1.2. **Quality of life assessment**

Share of persons questioned who are satisfied with the quality of life in the region in 2005 in %

**Linear OLS regression model**

$$Q = \beta_0 + \beta_1 \cdot H + \beta_s \cdot M + \varepsilon$$

QoL: Percentage of respondents satisfied with the quality of life in the region in 2005

Unempl: Unemployment rate September 2005

Mig: Net-migration of people between 18 and 29 years per 1 000 inhabitants of that age group 2003-2005

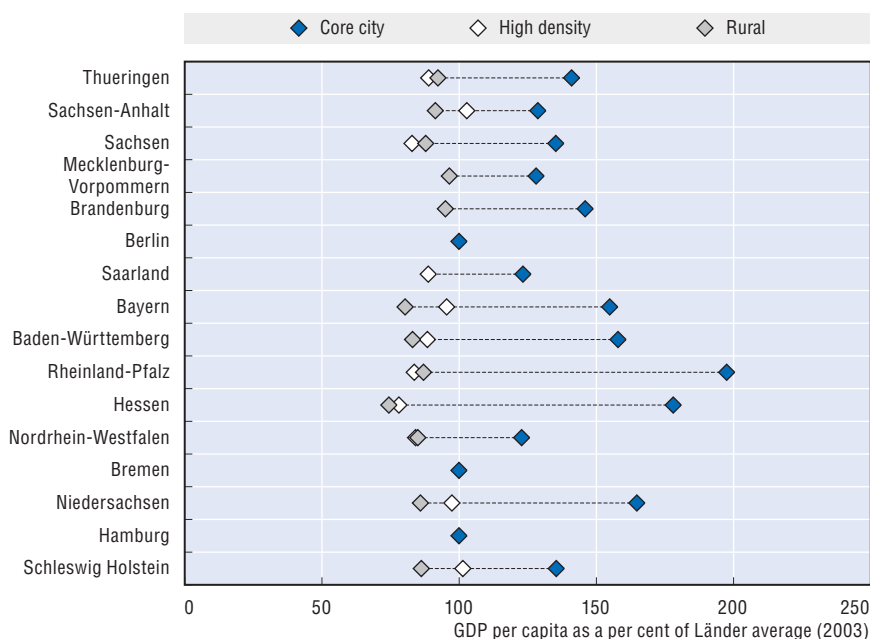
Results

	Non-standardised coefficient	Standard deviation	Standardised coefficient	Significance level
Intercept	91.021	1.321		0.000
Unempl	-2.065	0.109	-0.721	0.000
Mig	0.068	0.007	0.398	0.000

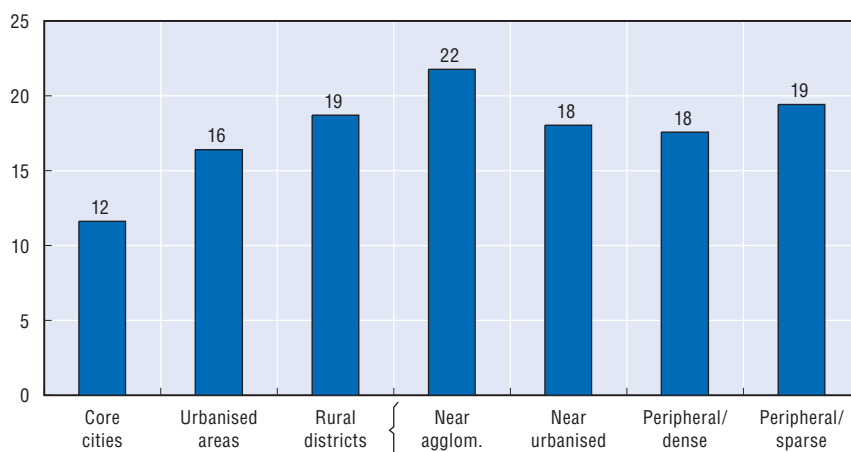
Note: adj. $R^2 = 0.846$; $N = 117$ regions. A dummy for East Germany was significant, but did not increase the adj. R^2 , therefore it was not taken into account in the final model.

Source: McKinsey and Company (ed.), "Perspektive Deutschland", *Projektbericht Perspektive Deutschland. Die größte gesellschaftspolitische, Online-Umfrage* p. 135, available at www.perspektive-deutschland.de/files/presse_2006/pd5-Projektbericht.pdf as of 9 January 2007, Bundesagentur für Arbeit, BBR (ongoing spatial monitoring) as cited in BMELV (2006a).

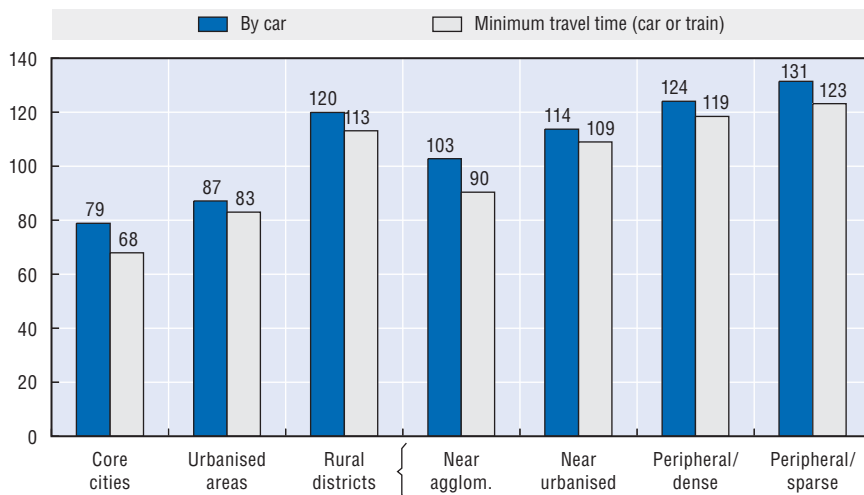
Figure 1.A1.3. **GDP per capita by region type: German Länder**



Source: OECD calculations based on Eurostat data.

Figure 1.A1.4. **Average commuting distance in kilometres**

Source: Calculations based on BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn, Germany.

Figure 1.A1.5. **Accessibility to major regional centres in minutes**
Access to next three centres (out of 36)

Source: Calculations based on BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn, Germany.

Table 1.A1.1. **Domestic agricultural inputs as a % of output value by industry**

Germany: 2000 data

Industry	%	Industry	%
1. Agriculture, hunting, forestry and fishing	2.7	26. Production, collection and distribution of electricity	0.0
2. Mining and quarrying (energy)	0.4	27. Manufacture of gas; distribution of gaseous fuels through mains	–
3. Mining and quarrying (non-energy)	0.2	28. Steam and hot water supply	–
4. Food products, beverages and tobacco	19.1	29. Collection, purification and distribution of water	0.0
5. Textiles, textile products, leather and footwear	0.4	30. Construction	0.0
6. Wood and products of wood and cork	3.7	31. Wholesale and retail trade; repairs	0.0
7. Pulp, paper, paper products, printing and publishing	0.5	32. Hotels and restaurants	0.6
8. Coke, refined petroleum products and nuclear fuel	0.0	33. Land transport; transport via pipelines	0.2
9. Chemicals excluding pharmaceuticals	0.0	34. Water transport	0.1
10. Pharmaceuticals	–	35. Air transport	0.0
11. Rubber and plastics products	0.2	36. Supporting and auxiliary transport activities; activities of travel agencies	0.1
12. Other non-metallic mineral products	0.0	37. Post and telecommunications	0.0
13. Iron and steel	0.0	38. Finance and insurance	0.0
14. Non-ferrous metals	–	39. Real estate activities	0.2
15. Fabricated metal products, except machinery and equipment	0.0	40. Renting of machinery and equipment	0.1
16. Machinery and equipment, n.e.c	0.0	41. Computer and related activities	0.0
17. Office, accounting and computing machinery	0.0	42. Research and development	0.0
18. Electrical machinery and apparatus, n.e.c	0.0	43. Other business activities	0.0
19. Radio, television and communication equipment	0.0	44. Public administration and defence; compulsory social security	0.3
20. Medical, precision and optical instruments	0.0	45. Education	0.1
21. Motor vehicles, trailers and semi-trailers	0.0	46. Health and social work	0.1
22. Building and repairing of ships and boats	0.0	47. Other community, social and personal services	0.2
23. Aircraft and spacecraft	–	48. Private households with employed persons and extra-territorial organisations and bodies	0.0
24. Railroad equipment and transport equipment n.e.c.	–	Total intermediate	0.9
25. Manufacturing n.e.c; recycling (include furniture)	0.0		

Note: The calculations are based on an input-output table that is industry-by-industry symmetric using basic price valuation and excludes imports. In this standardised table, category 9 includes pharmaceuticals, 13 includes non-ferrous metals, 22 includes aircraft and spacecraft and railroad equipment and transport equipment n.e.c., and 26 includes manufacture of gas and steam and hot water supply.

Source: Calculations derived from the OECD Input-Output Database: 2006 edition.

Table 1.A1.2. **Employment by industrial category**
In %, 1999

	Germany	District type			Rural districts			
		Core cities	Urbanised districts	Rural districts	Near agglomeration	Near urbanised area	Densely populated, peripheral	Sparsely populated, peripheral
Agriculture, fishing and mining	1.9	0.8	2.1	3.4	3.6	3.6	2.5	4.3
Manufacturing total	26.3	19.9	32.3	26.7	19.6	30.4	28.1	22.9
Food	2.7	1.6	3.0	3.8	3.3	4.0	3.9	4.0
Textile and leather	0.9	0.4	1.3	1.2	0.6	1.1	1.9	0.7
Materials and components	11.0	7.9	13.6	11.6	9.0	13.9	11.4	9.8
Equipment and other products	11.7	10.0	14.4	10.0	6.8	11.5	11.0	8.4
Services total	71.8	79.3	65.5	69.9	76.8	66.0	69.4	72.8
Transport, construction, utility	15.0	14.3	14.1	17.6	21.3	17.0	16.0	18.3
Trade	15.2	14.8	16.0	14.7	15.8	14.5	15.0	13.7
Tourism	2.7	2.7	2.4	3.3	2.5	3.0	3.4	4.2
Professional services	13.7	19.9	10.8	8.5	9.4	7.6	9.3	8.0
Public and social services	25.2	27.7	22.3	26.0	27.8	23.9	25.8	28.7

Note: Data from a different source as Table 1.4 above, therefore there may be some minor variations. The category natural resources includes agriculture, fishing and mining and quarrying (NACE codes A, B and C). Manufacturing of materials and components includes NACE codes DD through DJ and finished products includes NACE codes DK through DN. Professional services includes NACE codes J and K. Public and social services includes NACE codes L through Q plus Other.

Source: Calculations based on data provided by BBR.

Chapter 2

Is There a Policy for Rural Development in Germany?

This chapter begins with a review of the evolution of the German approach to rural development and rural policy. It then presents the current policy framework and the main actors and programmes involved in rural development in Germany. Finally the chapter puts forward a number of critical issues that represent the key obstacles to an effective rural policy in Germany.

Key points

- Despite the potential highlighted in Chapter 1 for the diversification of the rural economy and the heterogeneity of its challenges, rural policy in Germany is mainly sectoral and focuses largely on agriculture. This approach reflects past conditions and is poorly adapted to the present characteristics of rural Germany.
- Germany's main rural policy framework (the Joint Task GAK) provides space for vertical dialogue but, despite recent improvements, it is largely ineffective in terms of producing a place-based approach to rural development. The current “menu approach” doesn't favour the elaboration of a coherent, widely supported strategy for rural areas.
- As a result, the German approach to rural policy and its funding tend to complement EU agricultural policy rather than contributing to a national, strategic policy for rural development. Due to a relatively narrow framework set at supra-national level (Community Regulation No. 1698/2005), the 2007-2013 National Plan for Rural Development can fill only partially this gap.
- Regional policy developed under the Joint Task GRW is *de facto*, largely rural policy. Limitations derive from its remedial, top-down nature, as well as from a geographically limited scope (new *Länder*).
- Germany's regional development policy suffers from a growing urban bias which tends to overlook the development dynamics of rural areas. The disconnect between a regional, urban-focused policy, and a weak rural policy raises concerns in terms of the government capacity to cope with rural-urban linkages, particularly relevant in Germany due to its geographic and demographic structure. Also, a key emerging challenge, within the present policy approach, is to introduce a strategic, place-based approach to service delivery across rural areas.
- The governance of rural policy is hampered by difficulties in terms of horizontal co-ordination of public and private actors involved in rural policy as well as in terms of co-ordination mechanisms through different tiers of government. The “cost of non-coordination” is high both in terms of efficiency and effectiveness of public spending in rural regions
- At the central level there is a need for a clearer legal framework for rural policy as well as a widely recognised leadership in this field. Also there is no

evidence of effective “rural-proofing” of sectoral policy (such as environmental, education or health policy) impacting on rural areas.

- Innovative, place-based programmes (*Regionen Aktiv*, LEADER) meet a demand for innovation and participation at the local level and have positive results in terms of dynamising local economies and institutions. However, these programmes are still “niche” and being strongly under-funded are unable to produce significant impacts

Introduction

The main question discussed in this chapter is: *which is the policy response to rural challenges in Germany?* Chapter 1 shows that there are several challenges and opportunities associated with different types of rural areas in Germany. It shows that there are market failures in dealing with such issues thus scope for policy to address them. There are many policies that impact on rural areas. Most sectoral policies (such as education, health, transport or agricultural policies) have strong territorial impact and thus may have strong intended and unintended effects on rural areas. Reviewing one by one the way each policy in Germany impacts on rural areas would be a useful exercise but it is well beyond the scope of this review. This chapter aims at understanding whether Germany has or has not a policy for rural areas. This implies on the one side analysing the ways existing policies are co-ordinated or “rural proofed” and on the other side discussing programmes that are explicitly directed at integrated rural development.

Roadmap for the chapter: this chapter begins with a review of the evolution of the German approach to rural development and rural policy (2.1). It then presents the current policy framework and the main actors and programmes involved in rural development in Germany (2.2). This section discusses both mechanisms for rural proofing of sectoral policy and policies explicitly directed at the development of rural areas. Finally the chapter puts forward a number of critical issues that represent the key obstacles to an effective rural policy in Germany (2.3).

2.1. The evolution of the German approach to rural policy

Current rural development policy reflects the evolution of policy and underlying conditions over time. In the German situation the logical starting point is the post World War II period with the partition of Germany, the loss of territory, significant refugee inflows and the devastation of the war. In the late 1940s not only was Germany divided into two distinct parts but there was a significant loss of territory and a large inflow of people of German heritage from Eastern Europe. A consequence of this was major food shortages. Germany lost about 20% of its agricultural production through territory

transferred to Poland (Turk, 1999, p. 136) and another major portion became inaccessible to the West, when trade flows from the GDR were ended in 1946 (Turk, 1999, p. 136). At the same time the number of people in the Western portion of the country exceeded pre-war levels because of refugee inflows.

In this environment increasing the supply of food was a major focus of reconstruction efforts in West Germany. Thus rural development policy began from reconstruction efforts to restore and enhance agriculture. Beyond strengthening productivity of farming and agricultural production other significant rural development efforts included reconstruction of transportation infrastructure, building reconstruction, the extension of the industrial and handicraft sectors and restoration of basic social services. These efforts were undertaken with a new federal system of government that was largely imposed upon West Germany by other countries. Certain aspects of the past government remained intact, primarily local government boundaries and responsibilities, but both the national government and the *Länder* had radically different characteristics. Also remaining from the past government was a strict sectoral policy design and a public belief that the agricultural sector had a “specific function”. Along with its permanent economic and social disadvantages, land consolidation and settlement programmes were started in 1950.

An important aspect of the new constitution was a high level of social protection and an explicit concern with equity that in turn shape policy, including rural policy. Importantly the concern with equity has a territorial dimension that requires a concern with equivalent living conditions across different regions (Siebert, p. 26). Another major aspect of the federal system is a division of powers between national and *Länder* governments, but with the *Länder* playing the main role in programme delivery. The resulting distribution of powers made it almost essential that both levels of government form a consensus before significant actions can be undertaken (Green and Patterson, 2005). With creation of a new government restoration of the economy was a major task. As Siebert points out: “Germany has hardly any natural resources, except for coal, wood and a few minerals. Its industrial base traditionally depended on engineering ideas and innovative performance, on entrepreneurial spirit, on the organisational capabilities of its people, and on the skills and efforts of its workers.” (Siebert, 2005)

Despite major devastation Germany was able to rapidly increase manufacturing output in the 1950s to the point that Germany had the third largest economy in the world by 1955 (Turk, 1999, p. 145). Much of this growth was oriented to meeting foreign demand for high value metal and chemical products. While large firms played an important role in manufacturing, a large share of output came from small and medium-size firms, the *Mittelstand*, many of which are found in rural areas. Rapid industrial growth was associated with increasing standards of living in West Germany, low rates of unemployment and strong

government revenue. While conditions in East Germany, the GDR, were significantly worse than in West Germany, reconstruction efforts there led to the GDR being the strongest economy in the Comecon.

Germany's participation in the Treaty of Rome in 1957 provided German industrial exporters with easier access to foreign markets because tariffs were reduced and German farmers with increased financial benefits because of CAP. While other countries received the major benefits from CAP, German farmers were clearly made better off. Through the 1960s and 1970s the combination of strong support for agriculture (predominantly market and price policy) and a high level of prosperity for SMEs in urban and rural areas resulted in rural living conditions in most of West Germany that were largely comparable to those in urban areas.

In 1969 and 1970 the West German government and the Länder agreed to three "Joint Tasks" (Gemeinschaftsaufgaben) to provide a co-ordination mechanism for a number of joint policy areas that were high profile (regional policy, agriculture, university). The two joint tasks working on the improvement of agricultural structures (known as "GAK") and on regional economic structures ("GRW") are particularly important for rural development in the country (see Section 2.2). These joint tasks provide a mechanism for defining, cost-sharing and implementing multi-year work plans. While the basic organisational structure for the joint tasks is relatively uniform, the actual operation of each task is highly specific. Most importantly the joint tasks provide a mechanism to resolve problems surrounding the development and implementation of policy where the national government and the Länder share authority. Since agriculture and regional development funds are two of the major policy areas affecting rural Germany, the operation of the joint tasks is of paramount importance. An initial point for the construction of joint tasks was that according to the German constitution the Länder are responsible for structures policy (as well as for culture and nature) but not in the position to handle structures policy completely on their own.

In parallel to the establishment of joint tasks regional planning has been expanded strongly also at state level where several regional planning measures (mostly top-down in nature) were introduced by Länder-Ministries. The design of so-called "planning regions" formed a basis for the improvement of regional infrastructure (traffic network, schools, health care, culture, etc.), the development of regional settlement structure (development axes, central cities, etc.) and to some extent for the implementation of GRW measures.

In the 1970s a growing concern with environmental degradation led to the first Ministry of the Environment being established in Bavaria in 1970 with subsequent ministries being created in the other Länder and at the national level. Germans had a major concern with environmental quality because of the combination of: a high intensity of heavy industry that had caused

significant environmental degradation, a high population density, a high standard of living (Siebert, 2005) and a high and increasing environmental awareness particular of the younger population. Initially the main focus was on domestic issues, including remediation and stricter regulation of emissions and discharges. By the 1980s environmental policy had evolved to consider trans-border issues such as global warming, acid rain effects and sustainable development. As the concern with environmental quality increased, it became a major aspect of rural development.

While the period up through the 1970s was one of improving conditions and economic growth that increased the prosperity of most Germans, the 1980s was a period of economic stagnation. The second oil shock in the early 1980s led to a slowing market for exports, increased unemployment and declining government finances. A combination of high wage levels, rigid working conditions and slower increases in productivity added to manufacturing problems. While economic conditions improved in the latter part of the decade, 1990 marked the time of reunification.

Reunification led to major problems for much of Germany, including rural areas. Most importantly, an environment where living conditions were relatively uniform was replaced by a situation where a large share of the population and territory had living conditions that were markedly inferior to the rest. In the new *Länder*, much of the economic base collapsed with the shift to a market economy, including many rural enterprises. Agriculture in the new *Länder* went through major disruptions as property was reallocated and production methods changed. In the old *Länder* there was some loss of employment as some firms relocated to the East to take advantage of lower costs and subsidies. More importantly, areas in the West lost a significant amount of government support as government outlays were shifted to the East. Major investments were required to improve basic infrastructure and to mitigate environmental damage. Increased competition in the labour markets was due to skilled but cheaper “immigrants” from the former DDR into Western Germany.

By the end of the 20th century conditions in rural Germany had improved greatly from the state following World War II, but in the last decade major problems had developed. The competitiveness of German manufacturing firms had declined due to a combination of slow increases in labour productivity and relatively high wages, especially for less-skilled workers. Reunification brought about a serious mismatch between East and West, especially in rural areas. In the new *Länder*, out-migration from rural areas made a difficult situation even worse as those who were left behind tended to be the very old, the very young, and those with the weakest skills.

The facts described above largely influenced the German approach to rural development and rural policy. The next section presents the main features of the current policy approach and discusses to what extent this adapts to the present conditions and challenges of the country.

2.2. Institutions, policies and budgets

2.2.1. *The German institutional framework and its implications for rural policy*

Governance of rural policies in Germany presents specific characteristics due to the decentralisation process that has been taking place since the second post-war period. Germany is organised on the basis of a federal government (Federation), *Länder* and municipalities/municipal associations (BMELV, 2006a). The main principles governing this federal framework are established in the Basic Law. Germany is often described as a prototype of co-operative federalism (Blume and Voigt, 2005; Wright, 1988).

The distribution of the legislative powers between the federal level and the Länder is established by the rules laid down in the German Constitution. Art. 70 establishes that all competences are with the states (Länder). There are areas in which the federal level has exclusive competences, as defined in Art. 73. Art. 72, instead, establishes the so-called “concurrent legislation” that allocates competences to the federal level if its activity is needed in order to assure “equal living conditions” on the federal territory or maintain “the legal and economic unity” in the interest of the nation as a whole. In the concurrent legislation the competences are allocated to the Länder as long as the federal level remains inactive. Within the concurrent legislation lies, among the others, the competences on “promotion of agricultural production and forestry, ensuring the adequacy of the food supply, the import and export of agricultural and forestry production, deep-sea and coastal fishing and coastal protection”. Another kind of legislation, also based on these requirements, is the so-called “framework legislation” (Art. 75) where the federal level defines the common frame within which the Länder can design their own legislation. Within the framework legislation lies the competences on “land distribution, regional planning and the management of water resources”.

Public revenue (federal government, Länder, municipalities and municipalities associations) is essentially laid down in Art. 106 of the German Basic Law. A distinction is made between a “separation system” and a “connex system”. “The proceeds of taxes that belong to the former are allocated to one single level of the federal system, whereas various levels share the proceeds of the latter (these are also called joint taxes). The connex system is more important than the separation system as some 70% of the entire tax receipts of the state belong to this category.” (Blume and Voigt, 2005)

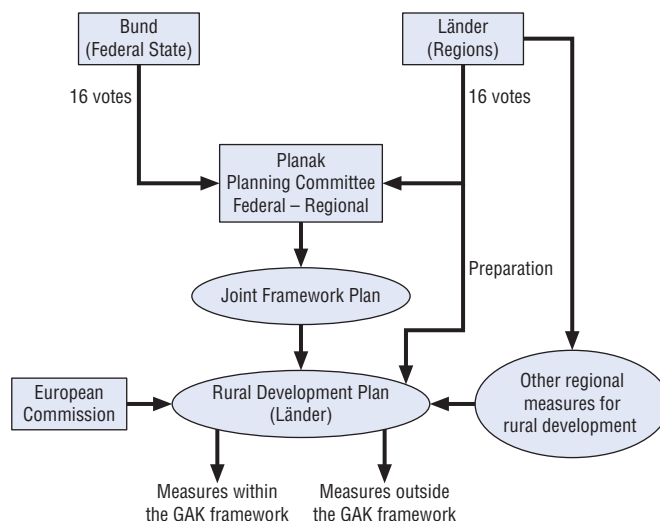
The German Constitution provides the opportunity for institutional arrangements among levels of government, the so-called **joint tasks** (Art. 91 and Art. 104). Regional development policy and the improvement of agrarian structure and the protection of the coasts are organised as a joint task (the GAK and GRW respectively). The choice of this narrow field for joint policy making reflects the modest importance given to policy areas such as research and innovation policy, environmental policy and labour market policy at the beginning of the 1970s. It obliges both the federal and the *Länder* to jointly plan, decide and finance these tasks. The implementation of joint tasks takes place under the form of the preparation of framework plans by the so-called planning committees. The federal level guarantees exactly half of the costs, whereas in the field of agrarian structures and coastal protection the proportion is at least half of the costs. The rationales for joint tasks can be enumerated as follows (Blume and Voigt, 2005): 1) “the presence of substantial spillover effects, implying that states (*Länder*) will have incentives to supply them in suboptimal quantities”; 2) “vertical interdependencies that make it necessary to provide earmarked grants or special support programmes”; 3) innovative programmes. The following two sections examine the role and impact that GAK and GRW have in rural development.

2.2.2. Rural Policy in Germany: the role of GAK

The Joint Task GAK is formally the main instrument with which German government defines its rural development policy. To understand its functioning two phases should be distinguished: the design (or planning) phase and the implementation (management and financing) phase. The former identifies the process of strategy definition and plans approval and financial allocation of resources among the different regional plans. The latter identifies the process of implementation of national and regional strategies and the delivery of public expenditures to rural areas. In both phases national and regional actors perform different roles.

The design (or planning) phase

Figure 2.1 shows how the GAK rural planning system works. Given the decentralised structure of the German system, the rural development programmes co-funded by the EU are designed and managed at the *Länder* level. Each *Länder* designs its programme on the basis of priorities and needs deriving from each specific regional economic context. The single *Länder* programme is linked with the federal rural development policy. The modalities of this linkage are to be found within the Joint Task for the “Improvement of Agricultural Structure and Coastal Protection” (GAK). The *Länder* programmes, in fact, should be designed according to (and be consistent with) the general principles established by the Joint Framework Multi-Annual Plan, which is elaborated at the federal level on the basis of (physical and financial) announcements of the *Länder*.

Figure 2.1. **The planning phases of rural policy in Germany**

The denomination itself chosen from the very beginning (“improvement of agrarian structures”) shows the strong farm related focus of the GAK which is oriented towards deficits in production and marketing structures as well as basic infrastructure. Even village renewal, the improvement of road networks or the protection against flooding were implemented firstly to the benefit of farmers. A broader rural development perspective has started to be associated with those measures only during the last 15 years, supported more recently by the introduction of some measures into the GAK (like nature protection, integrated rural development, regional management, etc.) but without re-designing the overall mission and rules of operation of the GAK.

This Plan is prepared by the Planning Federal-Regional Committee over a four-year period. The Committee is the place where the Framework Plan is formally approved. It is composed by representatives of the Federal Ministry of Food, Agriculture and Consumer Protection, the Federal Ministry of Finance and the *Länder* Ministries of agriculture. The federal level (*Bund*) disposes of 16 votes, as many as the *Länder* have at the disposal. Decisions are usually taken when there is a majority of participants (25 votes). The relatively narrow list of participants in the committee confirms its explicit sectoral approach. The Framework Plan is important because:

1. The Federal-Regional Committee is the most relevant institutional place where planning of rural policies is co-decided by federal and regional levels.
2. It is the sole opportunity for the federal level to give orientations to rural policy. This opportunity seems to be more of a potential than a reality (as discussed later in this chapter).

3. It provides the federal financial resources and establishes a co-financing rate for measures which are co-decided within the GAK. Usually, the federal level covers 60% of total expenditures, *Länder* level covers the remaining 40%. In 2003, the federal government and the *Länder* jointly provided approximately EUR 1 200 million for the GAK in the country as a whole (BMELV, 2005).
4. It provides a list of measures that *Länder* can consider in preparing their Rural Development Plans.

The Framework plan establishes priorities and intervention tools for rural areas in the following areas:

- improvement of rural structures;
- improving the production and marketing structures;
- sustainable farming;
- forests;
- coastal protection.

Each area comprises several measures, which are considered as matters lying in the field of joint decisions between state and regions. Leaving apart the coastal protection, most of the measures can be identified with the traditional tools of European structural policy in the agricultural sector. There are strong similarities and homogeneity between these measures included in the GAK and those measures for farm structures and agricultural modernisation within the EU Regulations.

Measures oriented to a broader diversification of the rural economy are outside of the main focus of the GAK and thus have a very limited role in the Framework Plan. Comparing the range of instruments that the EU makes available to member states within rural development policies and the measures available within the Framework Plan (see Table 2.1), highlights the sector-based nature of rural development in Germany. Rural development policy is mainly conceived as a structural policy addressed to the agricultural sector. Among the various potential tools to diversify rural economy, the Framework Plan only includes tourism and craft activities. Among the measures to “improve the quality of life”, only initiatives that are narrow in scope such as village renewal are included.

*Rural development plans prepared by the *Länder* and co-funded by the EU and federal state do not include only measures of the Framework Plan, but also all those measures eligible according to the EU regulations. It is important to stress that measures outside the GAK framework are to be funded with regional resources. They can benefit only from regional and EU budgets (being included in the menu list established by EU Regulations). The fact that they are not in the federal “menu list” implies that they cannot benefit from the federal support. This has important implications for the *Länder* rural development policy. Firstly,*

Table 2.1. **Rural development measures: EU and Germany compared**

EU Rural Development Policy	German Framework Plan
a) Measures to diversify rural economy:	
• Diversification into non-agricultural activities	• Diversification (temporarily as part of single farm investment support)
• Support for the creation and development of micro-enterprises	
• Tourism activities	• Tourist and craft activities (cooperation)
	• Farm related tourism as part of diversification
b) Measures to improve the quality of life:	
• Basic services for the economy	
• Village renewal and development	• Village renewal and development of rural locality
• Conservation and up-grading of the rural heritage	
c) Training and information measure for economic actors	
• Training and information	
d) Skill acquisition and animation measures	
• Skill acquisition and animation	• Regional management

measures most orientated towards the rural economy at large, are included within regional plans only if they are considered crucial tools within regional strategies; secondly, these measures, *for not being co-funded by the federal level, are in competition with local resources in the allocation of the Länder financial resources and thus risk to be less used in those Länder with scarce budget resources. Länder face great difficulties in compensating the lack of resources, especially in the least developed parts of the country. A similar situation can be found at the local level, where due to the shortage of financial resources the participation of the least developed counties and municipalities to the co-financing of rural development measures is very low (Ortner, 2004). This situation may contribute to increase the disparities across German rural regions.*

Summing up, the following conclusions could be drawn on the phase of planning of rural policy within the GAK framework:

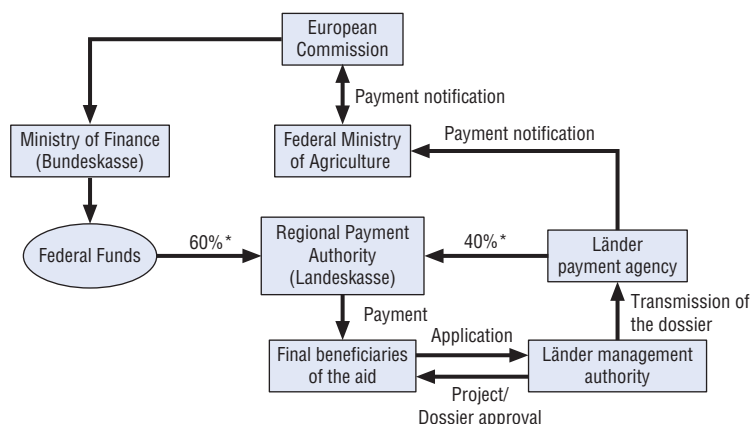
- Despite some relevant reforms introduced in 2003,¹ this mechanism does not seem to substantially foster the use, at the *Länder* level, of measures more oriented towards the rural economy on the whole. On the contrary, it seems to offer incentives to traditional, sectoral interventions (see also BMELV, 2006a).
- This institutional mechanism gives the opportunity for a concerted decision making in the field of rural policies between federal and regional levels. Nevertheless, there are doubts about the actual elaboration of a common and effective strategy for rural areas. The menu approach, like that proposed by EU rural development policies, doesn't seem to favour the elaboration of strong co-decided strategies in the Framework Plan.

With regard to the latter point it seems to have a concrete basis, the analysis made by Blume and Voigt (2005): "... the influence of the federal government with regard to joint tasks is not as important as could be expected... even during the planning procedure, during which the federal government is the only actor that can claim to represent 'the common interest', the federal level is usually not able to dominate the states. This is because the federal government does not have a monitoring and supervising right (*Aufsichtsrecht*) nor a policy-making competence (*Richtlinienkompetenz*). In their deliberations, the planning committees depend on information from the states such that the factual competence of the federal level is severely restricted." These conclusions were confirmed by the discussions with several German institutional actors.

The implementation phase

The phase of implementation of rural policy under GAK in Germany is governed by the management and financing system described in Figure 2.2. The regional level plays a central role. *The management and financing systems are very similar in the different Länder.* The regional payment Authority (*Landeskasse*) transfers the final payment to the beneficiary of the aid on the basis of the project approval by the management Authority and of the control of the Payment Agency. Public payments made for the implementation of private investments are covered partly by federal funds (60%) and partly by *Länder* funds (40%) via transfer of resources by the payment Agency. This Agency is usually under the control of the Land Ministry of Food, Agriculture and Forestry.

Figure 2.2. **The management and financing phases of rural development policy in Germany**



* Only for measures within the GAK framework.

This co-financing system applies to measures included within the GAK. As discussed earlier, payments for the other measures are entirely covered by *Länder* funds. The EU funds are transferred to the regional payment agency through the Federal Ministry of Finance, as it is the case in other decentralised countries where there is a central body with the responsibility of co-ordinating the financial flows between the European Commission and Regions. These transfers of funds from the EU budget to the regional budget are conditioned by the regular notification of payments made by *Länder* agencies having the control of expenditures.

This management and financial system has been set up under the obligation to fulfil EU Regulations as to how EU funds should be managed. Many actors are involved within this complex organisational structure and the level of efficiency of one can influence the overall efficiency of the system. In a decentralised management system (as in the case of Germany, Italy, Austria, etc.) the role of central bodies (Federal Ministry of Finance and Ministry of Food, Consumer protection, etc.) is mainly to:

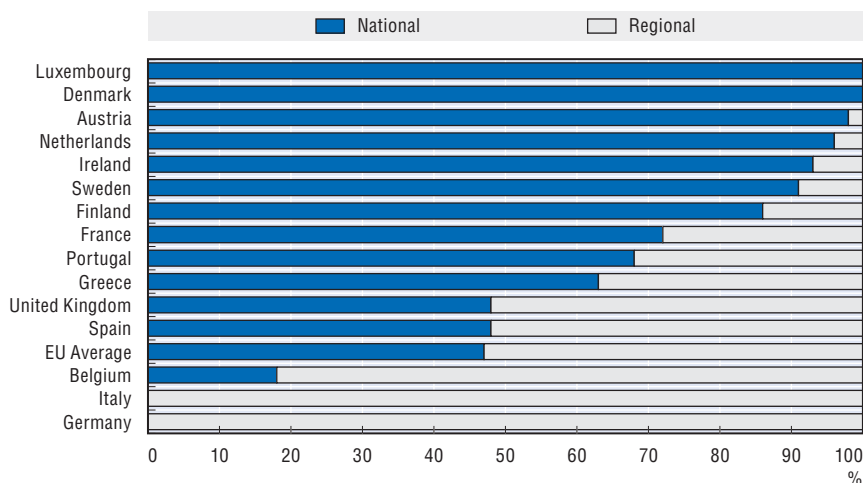
- assure the regularity of the funds' transfer from the EU level to the regional level;
- provide co-funding;
- give new development incentives, test new strategies; and
- monitor and evaluate policies implemented at the regional level. This last function is crucial for the design and revision of policies during the programming phase (usually seven years).

The role of regional bodies, instead, is central because they hold the control of the efficiency of public expenditures and the consistency between regional strategies/objectives and the quality of public expenditures. Rural development is in fact one of the most decentralised type of expenditures in Germany. In terms of programming and management of rural development programmes, Germany and Italy are the only countries among the European countries (EU15) with programmes totally devolved to regional competences (see Figure 2.3). On the other side there are several northern European countries with programmes totally under the responsibility of the central government.

In terms of general efficiency of spending the German system of implementation is close to the EU average. The rate of expenditures (given by the ratio between expenditures of the total EU amount programmed for 2000-2006) was at the end of 2003 about 45% both in Germany and in EU15.

It is worth noticing that Eastern Länder demonstrate a financial performance that is better than many other lagging behind EU regions. If we take into account the amount of expenditures of the Guidance section in Objective 1 regions, the Eastern Länder (included in Objective 1 classification) rate of expenditures is about 38%, much higher than the EU average for the Objective 1 regions

Figure 2.3. **Distribution of RD resources by national and regional programmes in EU countries (%)**



Source: Mantino, Francesco (2006), "Rural policies in de-centralized countries: the cases of Germany and Italy", paper presented at the National Seminar on Rural Development, Governance and Programming 2007-2013, July 2006, Rome.

(about 28%) in programmes for 2000-2006. Eastern *Länder*, which can be considered as "late comers" to the benefits of the EU rural development policy, have made strong efforts in re-organising their administrative structures to face new procedures and mechanisms established by Community regulations.

2.2.3. Rural policy and regional policy: the role of GRW

In Germany the second largest rural policy influence comes from regional policy which has both an urban and a rural impact. In 2005, the federal state and the *Länder* devoted EUR 2.3 billion to the Joint Task GRW (*Verbesserung der regionalen Wirtschaftsstruktur*, Improvement of Regional Economic Structure) the large majority of which was spent in the new *Länder* (Nischwitz and Brockmann, 2004). Regional policy is particularly important in Germany because all of the new *Länder* are eligible for Objective 1 funding by the EU and because the national government has a strong commitment to planning and to equalisation. This means that rural areas are effectively influenced by formal rural policy that is administered through ministries of agriculture and *de facto* rural policy administered as regional policy through Economics Ministries.

Like it is the case for the GAK, the GRW involves a formal negotiated agreement between the national government and the *Länder* (Economics Ministries) that establishes a multi-year task or plan. Each work plan is co-funded by the two levels of government in equal shares. In both cases EU programmes

significantly influence the direction of national policy and provide a major share of the available funds. As discussed in more detail in Section 2.3, GRW largely adopts a remedial approach focusing on regions with structural problems. Target areas of GRW are identified on the basis of criteria related to income levels, employment and physical infrastructure.

Thus, both GAK and GRW considerably influence rural development in Germany. This raises issues of co-ordination between the two Joint Tasks which are discussed in Section 2.3.

Aside from the GAK and the GRW it is relevant to mention that the federal level increasingly takes influence on regional (not only rural) development by the offer of national competition programmes as well as by the considerable support to cluster policy, the establishment of “networks of competence” and similar initiatives. This reflects to some extent a paradigm shift with the federal level taking more influence on regional development and at the same time focusing more strongly on “non-rural” objectives. Interviews with various actors have revealed no evidence of effective co-ordination of those “new” programmes with already existing rural or regional development policies.

2.2.4. The quality of rural development strategies in Germany

This section aims at providing an analysis of the quality of rural development strategies in Germany. The analysis is based on the programmes for rural development approved by regional authorities and the European Commission over the 2000-2006 period. These programmes represent the lion’s share of the total public support for structural actions in Germany during the above mentioned period. More specifically:

- **The EU programmes** considered here are those financed in the context of Structural Funds in *Objective 1 Regions* (EAGGF-Guidance section, addresses to the Eastern *Länder*) and in the context of *rural development funds* (the EAGGF-Guarantee section) in all regions.
- **The regional programmes** are those prepared by regional authorities on the basis of a common structure established by the Community Regulations and of a common menu of measures defined by the Community rules and in accordance to the GAK.

Different strategies within a predominantly sectoral approach...

The analysis of regional programmes is crucial to understand what approaches emerge at *Länder* level. A first important element to be considered is the way differences in social and economic development influence the *Länder* rural policy: Western *Länder* focus their strategy more on environmental issues (see Figure 2.4), which account for about 60% of public expenditures. On the contrary, Eastern *Länder* priorities are agricultural competitiveness, quality of

Figure 2.4. **Priorities in regional programmes for rural development 2000-2006 (% of public expenditures)**



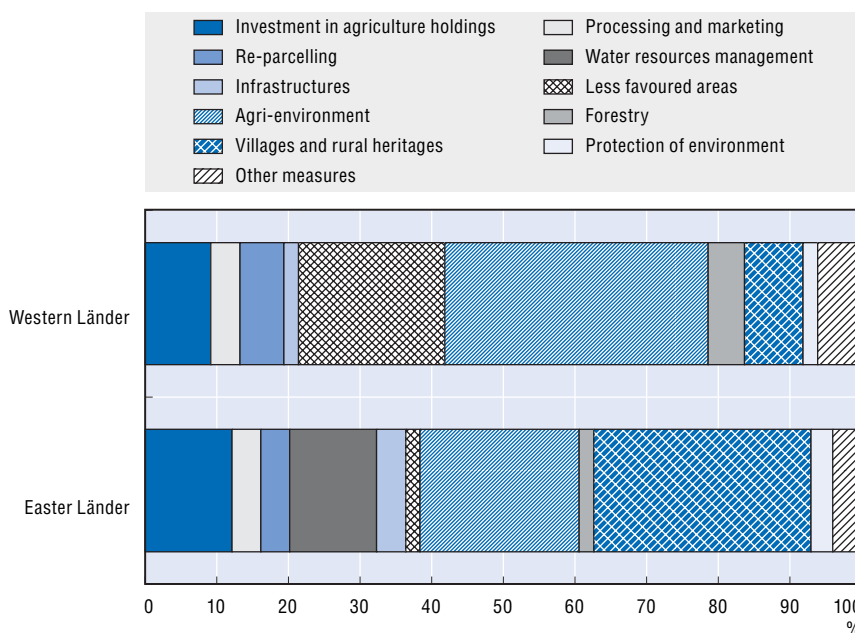
Source: Mantino, Francesco (2006), "Rural policies in de-centralized countries: the cases of Germany and Italy", paper presented at the National Seminar on Rural Development, Governance and Programming 2007-2013, July 2006, Rome.

life and rural diversification. These choices seem partly justified by different agricultural structure and social and economic conditions.

The environmental priority is mainly pursued through the so-called agro-environmental measures, which in the Western Länder absorb about 35% of public expenditures (Figure 2.5). Adding to this amount the compensatory allowances for less-favoured areas (about 19%) gives a picture that raises concerns regarding the capacity of the Western programmes to stimulate rural development. Even the most traditional structural measures (support for investment in agricultural holdings, setting up of young farmers, improving processing and marketing of agricultural products) play a marginal role within the regional programmes.

The composition of investments in the Eastern programmes confirms the importance of traditional measures of structural policy (including agricultural water resources management). On the other side, within the rural diversification and quality of life priority, the greatest proportion of public resources is focused on the renovation and development of villages (due to extraordinary backlog demand) and the protection and the conservation of the rural heritage (about 3% of the total public expenditures). This breakdown of resource allocation allows clarifying that rural diversification in Eastern programmes is pursued mainly via one tool, possibly the most similar to previous practices in village renewal in Germany. This measure is also within the GAK framework and consequently can benefit from the federal financial co-financing.

Figure 2.5. **Types of investment planned by regional programmes of rural development 2000-2006 in Germany (% of public expenditures)**



Source: Mantino, Francesco (2006), "Rural policies in de-centralized countries: the cases of Germany and Italy", paper presented at the National Seminar on Rural Development, Governance and Programming 2007-2013, July 2006, Rome.

Summing up, the analysis of EU programmes shows that Länder strategies differ greatly between East and West Germany, according to the different agricultural structures and the social context of rural areas but do not target the rural context as a whole. Even in the case of the Eastern Länder, where more resources are assigned to non-farm programmes, the strategy is focused on village renewal investment and do not target significantly the diversification of the rural economy.

... largely influenced by agriculture and environment concerns

As discussed above, regional programmes may greatly differ across Germany in terms of the menu composition and of the allocation of available resources (EU + national + regional) among the measures/actions selected. Each measure included into the programme has a financial endowment for the entire programming period (2000-2006) which has to be delivered to beneficiaries according to certain selection criteria. Financial endowments are planned from the beginning through a financial plan attached to the programme and are provided by EU funds plus national and regional co-financing. Beneficiaries of

programmes are selected by regional authorities through the evaluation of an application form by regional offices (in case of programmes like “less favoured areas programme” or “agri-environmental measures” this is less of an evaluation and more about checking formal requirements). At least two sets of factors influence the type of projects composing the regional programmes.

The first has to do with interest groups involved in the programme definition. The definition of the programme strategies and the composition of objectives and actions is thus the result of a complex mix of different and often conflicting forces. On the one hand, major actors of this process in Germany are farmers’ organisations, environmental associations and regional administrations involved in preparing and implementing programmes. On the other hand, the role of non-agricultural actors and non-sector institutions and administrations seems to be very marginal (with few exceptions such as the Association of Communes and Rural Counties).

Before their formal approval by regional authorities and European Commission services, the regional programmes are submitted to the discussion and eventually to some revisions of social and economic actors (farmers’ organisations, co-operatives’ associations, environmental associations, NGO representatives, local authorities and representatives of non-farm organisations). The participation of these actors to the preparation of the programmes varies according the Länder. In any case, the most influential role is played by sector representatives, namely farmers’ organisations.² This role is also confirmed during the implementation phase, especially within the revision of programmes which are regularly proposed and approved by the Monitoring Committees. Environmental associations have also an influential role in the allocation of resources towards those more environmentally oriented measures. These associations such as the WWF (World Wide Fund for Nature) and the Bund für Umwelt-und Naturschutz Deutschland (BUND, Friends of the Earth Germany) or the Naturschutzbund Deutschland (NABU, Birdlife Germany) argue for a better integration of agricultural and environmental policies. Their influence has grown in recent times and they now play an important advisory role in the elaboration of agri-environmental schemes at the level of Bundesländer (Schubert and Todt, 2000).

Secondly, the choice of the composition of measures in each programme is influenced by technical and administrative factors within the regional planning offices involved in the preparation of programmes. Previous experiences and little aptitude and capacity of innovation are important factors that strongly influence the choice of the measures to be included into the programmes. Traditional structural actions (support of farm investments) and direct payments (as in the case of agro-environmental payments and of compensatory allowances) gain thus an important weight in the financial allocation of each programme.

2.2.5. Area-based rural policies: LEADER and Regionen Aktiv

From the previous analysis, rural policy in Germany appears to be largely confined to a sector based approach with little innovative features. Exceptions to this tradition are among other competition programmes such as the LEADER Community Initiative and, the national programme called “Regionen Aktiv”. Both programmes represent a breakthrough with the traditional approach to rural development.

LEADER and its German counterpart Regionen Aktiv can be thought of as a hybrid rural/regional policy. While they are implemented by Ministries of Agriculture, the approach they follow is mainly grounded in regional policy. Germany has a long tradition of participation in the various LEADER programmes funded by the EU and has introduced its own programme, Regionen Aktiv, which has a very similar set of objectives and structure to the LEADER initiatives. In addition a number of *Länder* have introduced similar regionally based, local development initiatives. In Germany, as in other nations, there is a broad consensus that these programmes are highly effective and under-utilised. This type of “community-based” strategic initiative is the central element in any locally based development strategy because it both embraces the idea that the local populace has the best sense for what efforts will benefit them and provides a means for local people to organise to achieve these goals.

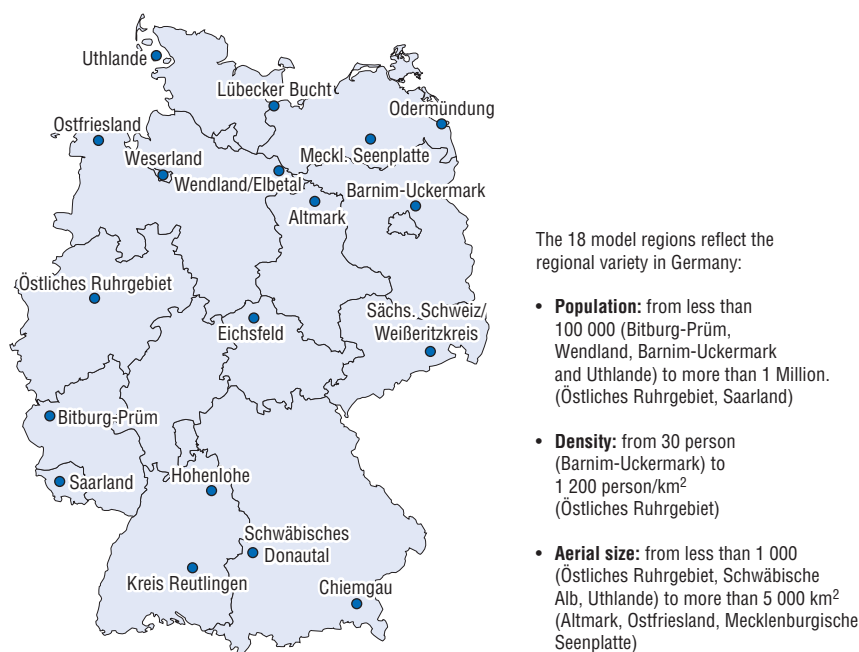
With a budget of about EUR 250 million (EU resources, period 2000-2006) 14 LEADER+ projects exist today in Germany. Except for Berlin, Hamburg and Bremen all the German *Länder* have their own LEADER+ programme (there are thus 13 regional programmes and one national programme focusing on network activities). The continuous support for the various versions of LEADER over more than a decade, plus the introduction of a parallel programme, Regionen Aktiv, that was made available in regions where LEADER had not previously been adopted suggests that collaborative development efforts that operate under a framework established by a higher level of government are well suited to German rural development needs. The greatest contribution of these programmes resides in the methodology, rather than in the substantial modification of a policy whose nature remains sector-oriented.

Regionen Aktiv (see OECD, 2004 case study) is a national programme which in many aspects recalls the main principles of the Community Initiative LEADER (competition among different local areas for the allocation of funds, the decentralisation of the decision making at local level, integration, partnership, etc.). The most innovative components of Regionen Aktiv are to be found in the actors involved, in the approach and, finally, in the role of the public bodies (see Figure 2.7).

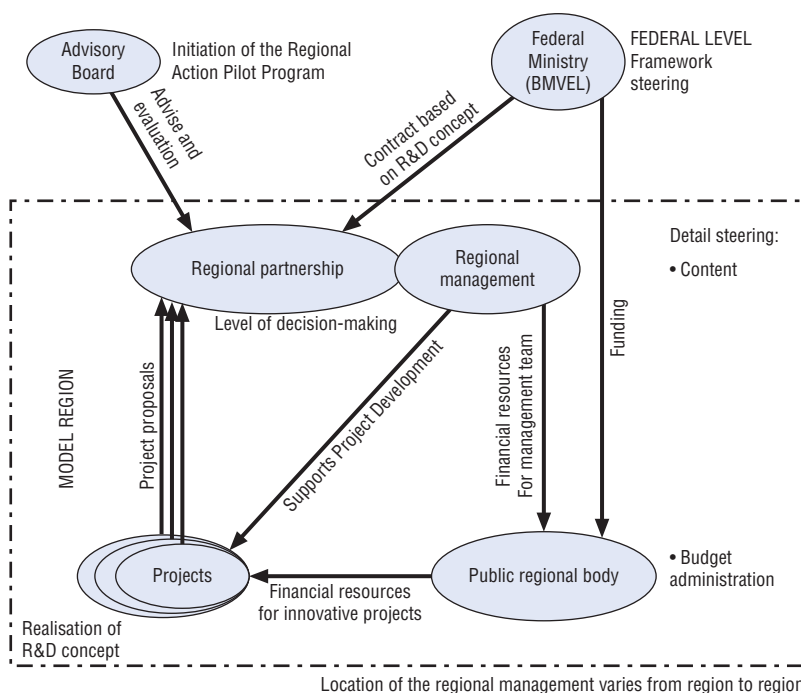
Regionen Aktiv was launched in autumn 2001 by the newly formed Federal Ministry of Consumer Protection, Food and Agriculture (BMELV), on the basis of a

nation-wide competition. It aims at the following objectives: strengthening rural areas, creating additional sources of income, creating a consumer perspective and providing a nature-friendly and environmentally compatible agriculture. These objectives are similar to those of EU policy, but with a particular emphasis on two dimensions: rural diversification and environment. The involvement of local actors is the most important innovation in the traditional way of policy implementation in Germany. Partnerships were created in all 18 model regions with a share of at least 50% of actors from NGOs. Partnerships created an opportunity of participation to decision-making processes for different local actors; although some relevant private actors are still under-represented (i.e., banks, non-agricultural sectors, etc.) (Elbe and Meyer, 2005).

Figure 2.6. **Regionen Aktiv** model regions



As in the case of LEADER, the principle of decentralisation of decision-making and management responsibilities is associated to the partnership principle. After the project approval, financial resources are allocated to local actors on the basis of the decisions of the regional partnership, with the technical support of a specific structure called “regional management”. The role of the “regional management” is crucial: it provides day-to-day management of

Figure 2.7. **Overview of organisational structures in a typical model region**

Source: Knickel, K. and G. Jahn (2006), "Promoting a Sustainable Development of Rural Areas: Some Relevant Experiences with the 'Active Regions' Pilot Programme in Germany", in G. Remmers (ed.), *Moving Worldviews*, Compas/ETC Foundation, Leusden, The Netherlands.

the programme, the consultancy for applicants, and the management of the regional network. In the Lubecker Bucht programme, for example (extensive interviews were conducted in the region by the OECD Secretariat), it was stressed the importance of the "regional management" in organising meetings, in motivating actors, developing networks, designing projects and carrying out public relations for the overall process. The regional governance structures of *Regionen Aktiv* is completed by a public partner who is responsible for allocating public resources to projects. In the Lubecker Bucht programme, for example, the financial aspects of the applications and the respect of legal guidelines for project funding have been surveyed by a control unit located at the District Authority Nordwestmecklenburg.

As for LEADER, *Regionen Aktiv* supports projects integrating economic, environmental and social concerns. These are centred upon soft measures such as regional marketing and tourism development. However, a considerable number of projects deal with education and training, the production and the processing of renewable resources, such as timber and vegetable oils and the

production of regenerative energies, i.e., from biomass. Looking carefully at the most innovative features of this approach, three main aspects should be emphasised:

1. The focus given by the BMELV on the definition of a strategic view by the main actors participating to the programme definition, including the formulation of business plans.
2. The role of the federal administrative structures involved both in the selection and implementing phases, not only performing traditional functions of providing funds and checking the regularity of all administrative steps, but also supporting the capacity building of main actors involved.
3. Another important implication of the *Regionen Aktiv* experience is the key innovation in vertical governance, especially in the relations between the national and the local level of government. *Regionen Aktiv* have shown that the mobilisation of local actors and resources could be efficiently promoted by the national level, rather than the regional one. This conclusion does not only come out from the German experience, but also from other decentralised countries' experience (Mantino, 2006).

Regionen Aktiv is supporting programmes whose conception and definition were developed in three different steps (Augustin, 2006; Elbe and Meyer, 2005). 1) In the first step (September-December 2001) regions defined a joint vision of their future development, through the preparation of a document with the essential elements of their projects (the area, the vision and the partnership). 2) The second stage (January-March 2002) moved from the vision to the reality, drawing up an integrated regional development programme where more concrete elements are included (area tailored strategy, description of the programme management, guiding projects, budget and self-evaluation). At the end of this second stage the best programmes were selected by a national independent jury. 3) In the third stage (since March 2002 to 2006) the 18 selected regions were provided by the necessary funds to put their integrated programmes into practice.

An important point concerns the strategic definition of programmes for each region. In this sense “Active Region” marks a breakthrough with a tradition based on a menu approach without a longer term, holistic vision of the target territories. Another important issue is the new role that the Federal Ministry (BMELV) played in *Regionen Aktiv* (Augustin, 2006). In fact, besides providing financial resources to the 18 selected regions, the federal ministry performed a series of activities that supported regional programmes over the entire programming and implementing period, such as:

- setting up a national support structure (a federal office) to foster networking of regional actors, to promote training, projecting design and evaluation, internal and external communication (newsletter, “project of the month” awards, etc.) and other activities;

- financing research activities aimed at providing additional findings on the results of rural development projects in the selected regions;
- setting up a steering committee of stakeholders in the rural development field at the federal level.

Summing up, the role of the federal ministry has been quite innovative not only in the national context, but also in the European one, because it moved from the traditional role of provider of financial resources to that of service provider to regional actors (technical assistance, research, communication, etc.). These services are functional to a high-profile programming function which is a key challenge in the most decentralised countries such as Germany, Italy or Austria (Mantino, 2006).

Table 2.2. **Regional governance in Regionen Aktiv and LEADER+**

Aspects of regional government	<i>Regionen Aktiv</i>	LEADER+
Increase in significance of the region as level of political coordination		
Non-central self steering	Yes	Yes
Free will principle	Yes	Yes
Use of endogenous potentials	Yes	Yes
From a territorial to a functional principle		
"Region" is determined by the density of social relations	Yes, actors define their regions themselves	Yes, actors define their regions themselves
Functions of a region at the core, not geographical or administrative criteria	Yes, regional actors define specific regional guiding principles and fields of action	Yes, regional actors define specific regional guiding principles and fields of action
Inter-sectoral co-operation in weakly institutionalised regional networks and partnerships		
Networks and co-operation of public and private actors	Regional partnership	Local Action Groups
Common visions and guiding principles	Region had to formulate RDC to define Visions and guiding principles	Region had to formulate RDC to define Visions and guiding principles
Inter-sectoral co-operation	Obligatory	Obligatory
Steering of incentives through different instruments and forms		
Competitions for the identification and support of "best practices"	Selective competition	Selective competition
Financial incentives through condition-bound funds	Yes	Yes
Regional management as organisational core of steering	Yes	Yes
Increased importance of evaluations	Yes, obligatory self-evaluation and scientific assessment	Yes, obligatory external evaluation and demand of self-evaluation

2.3. Critical issues

Many of the conditions that were in place when the current German approach to rural development was conceived (see Section 2.1) have changed significantly. As a result there is a mismatch between policies and problems, which limits the development potential of rural Germany. This section discusses a set of critical issues that need to be addressed to improve the effectiveness and efficiency of German rural policy.

2.3.1. The focus on agriculture and the current (lack of) vision for RD

As in other OECD countries rural policy in Germany has largely been defined in terms of agricultural policy. Rural policy is nominally housed within the Ministries of Agriculture at both the national and, with few exceptions, the *Länder* level. Most importantly the development strategies of these agencies continue to focus largely on farm-related programmes. The rural development programmes submitted by the national government and the *Länder* to the EU for funding under the EAGGF are largely farm (and environment) based. While the national strategy appears to provide some balance between support for agricultural production and broader rural development issues (German Framework Regulation 2000-2006), the actual programme outlays are driven by the *Länder* priorities. These proposals show a clear emphasis on: land consolidation and re-parcelling, compensatory payments for farmers adopting extensive production methods, and structural improvements both at the farm level and in marketing farm products (Rural Development Programme 2000-2006, various *Länder*). Except some cases (like in Schleswig-Holstein, Bavaria) the amounts allocated for actions such as village improvement, rural tourism and enhancing rural services are relatively minor. This can be explained by the existence of strong historical claims on EU funds by farmers' organisations in Germany and other countries. Increased programme flexibility did not come with additional funds, so local political pressures tend to keep existing funds flowing to the prior recipients. Gustedt notes that the second pillar of CAP was largely assembled from programmes that had provided assistance to farmers in less favoured areas (Gustedt, 2003), so it is not surprising that the bulk of Pillar 2 funds continue to flow to this group.

There are **two significant implications** from the ongoing association of rural policy with agriculture:

1. First, the decreasing ability of farm-based policy to be an effective influence on rural people and places simply because agriculture is a relatively minor share of income and employment. As discussed in Chapter 1, and despite its backward and forward linkages with the rest of the economy, agriculture *per se* represents less than 5% of rural employment and about 3% of rural

GVA. A policy that targets this sector is acting only on one factor of a complex system and is thus in most cases unable to significantly influence the dynamics of the whole.

2. Second, given the transfer of responsibility for agriculture to the EU by the countries within the union, as long as rural policy is conceived as being part of farm policy, countries such as Germany have largely ceded responsibility for rural policy to the EU as well. Under this structure rural policy priorities are first set in Brussels as part of the CAP and then national rural policy largely operates within the common framework.

While in recent years the EU has gradually broadened its focus beyond agricultural production to the “wider rural world” (European Commission, 2004), there is still a strong residual farm orientation. Moreover as noted above the increased flexibility at the EU level has yet to be implemented within Germany. At present the main approach to the reform of rural development policy in Germany, and in other parts of Europe, is to argue for a transfer of funds from Pillar 1 to Pillar 2, under the expectation that this will allow a broader rural policy to evolve. This strategy assumes two important outcomes. The first is that Pillar 2 can be readily converted to a broader rural focus, despite the evidence to date that Pillar 2 outlays remain largely focused on farming and in less favoured areas. Second it assumes that the lead role in rural policy should be played by the EU. Arguably the EU is the appropriate place to co-ordinate agricultural policy if a single market in agricultural commodities is to develop. But there is less logic in having the EU co-ordinate rural policy, since it largely involves local strategies that do not compete across national borders.

Partly as a result of the mainstream sectoral approach and of strong urban bias German rural policy hasn't occupied a prominent role in the policy agenda of the country. German rural policy is mostly EU driven with its main directions resulting from EU regulations and funds. The difficulty to gather comparable data for the German case limit the scope and degree of detail for a quantitative analysis of the country's spending on rural policy but useful indications come from data on the amount of aid by type of measures. Considering that the average annual amount of state aid in German agriculture is about EUR 1 800 million in the last five years and assuming that the share of structural support within the state aid devoted to agriculture varies between 25% and 35%, we could roughly estimate an average amount of EUR 540 million every year (30% of total state aid) for structural support provided by federal-regional budgets. Adding to these approximate figures the resources for the EU rural development policies, both from EU budget and from national co-financing, we can evaluate a global amount of EUR 2 700 million every year for rural development/structural change purposes (see Table 2.3).

These figures demonstrate the predominant role played by policies derived from EU budgets. National resources are predominantly used to co-fund programmes derived from EU regulations on rural development (35% of global resources in Germany, see Table 2.3). A similar amount of resources and internal composition of expenditures can be found in another decentralised country like Italy for instance. This data suggest **two relevant conclusions**:

1. The autonomous contribution of national/regional budgets to rural development policies is negligible, especially in the last years.
2. National funds play just a complementary role, which is mostly finalised to provide the national balance to EU programmes and several analysts argue that *de facto* a well funded German strategy doesn't exist outside the EU strategy.

Table 2.3. **Resources for rural development and structural policies in German and Italian agriculture (annual estimates over 2000-2005 period)**

EUR (millions)				
Source of funding	EU rural development policies (EAGGF-Guidance and Guarantee sections)		State aid	Total annual funds
	From EU budget	From national co-financing		
Germany				
EUR Millions	1 207.8	951.1	540.0	2 698.8
% of total	44.8	35.2	20.0	100.0
Italy				
EUR Millions	1 070.5	903.2	457.7	2 431.4
% of total	44.0	37.1	18.8	100.0

Source: Mantino, Francesco (2006), "Rural policies in de-centralized countries: the cases of Germany and Italy", paper presented at the National Seminar on Rural Development, Governance and Programming 2007-2013, July 2006, Rome.

2.3.2. Urban bias and "trickle-down" effects

Despite the high population density of Germany and the poly-centric nature of its urban system which leads to large amounts of rural territory being in close proximity to urban areas there appears to be limited focus of rural policy on rural-urban linkages. The impact of suburbanisation is widely recognised within Germany but it is seen as either an urban issue or a regional issue with the focus being on managing the rate of urban growth. The perspective is on the impacts on urban areas and how urban centres can manage growth. At present there is little attention paid to growth management strategies for rural areas. In part this also reflects a systematic lack of attention to "urban issues" in the rural literature (Adell, 1999).

Two of the four types of rural areas are defined by German authorities as being within the influence of major urban centres of more than 100 000. Using the OECD definition of rural area, there are very few predominantly rural areas in Germany and roughly equal numbers of predominantly urban and intermediate regions. Population growth is fastest in the suburban regions of Germany (BBR, 2005b.). These facts also suggest that managing the rural-urban interaction through strategic rural policy might be a significant issue in Germany. However, while agricultural policy of Pillar 1 is applicable across the entire rural space there is less use of Pillar 2 programmes in more urbanised rural counties. In part this reflects the historical development of the Pillar 2 programmes which were initially focused on the more remote and less favoured areas of Europe.

From a governance perspective, local government in German urban agglomerations are typically organised in a manner where satellite communities are integrated into the local government of the urban centre, so these smaller places have no independent government. Those communities slightly further away from the urban core, but still within the functional economic region, retain a local government, but that government has to operate within a regional governance structure that is dominated by the urban centre. Consequently the interests of the smaller places are seldom considered.

Moreover, the concentration of retail and high quality services in the core cities results in an increasing squeezing-out of those offers in the surrounding rural areas (loss of independence in supply). In other cases while political independence is preserved the community effectively loses control of its development. In these metropolitan areas the common belief is that economic progress in the urban fringe area is assured if the core grows because of a “trickle-down effect”.

Urban adjacent areas are at times seen as not truly part of the rural milieu, because they have a strong urban influence. Consequently rural policy tends to be targeted only to more remote locations. Again the tendency is to see the future of the adjacent rural areas as being driven by the development path of their urban neighbour. From this perspective rural areas are simply a waiting stage prior to an urbanisation process extending out to them. One can describe their development as being driven by the “trickle-down effect”: the more prosperous the urban centre, the more prosperous the periphery.

While such a perspective is appealing on the surface because it both reduces the scope and complexity of rural policy, it leads to policies that fail to address major economic and social issues. For example, if agricultural land use policies only focus on abandonment of farmland at the extensive margin, they ignore the issue of the conversion of farmland to alternative uses at the urban periphery. Only recently has there been a growing concern of the adverse effects of urban sprawl and the conversion of farmland to urban uses, with a loss of green-space. In

addition there has been a growing recognition that often the benefits of a “trickle-down effect” do not materialise and satellite communities do not truly benefit from urban development in the core. Both of these facts are leading to a recognition that a significant issue for rural policy is the development trajectory of areas that are adjacent to urban centres. The limits of strategies betting on metropolitan agglomerations (see Box 2.1) and “trickle-down effects” are even more evident when not only the effects of urban-adjacent areas are taken into account but also the development dynamics of more remote rural regions.

Box 2.1. The limits of agglomeration-based strategies

The possible negative consequences of the growth of metro-regions can be seen for instance by their brain and capital drain effect on other regions. By losing their educated and skilled population as well as capital resources, these less populous regions then face decline. The ICT sector and the other dynamic sectors of the new economy have demonstrated a strong urban bias in location, economies of agglomeration exploiting the diverse collection of services and economies of localisation exploiting concentrated specialisation are thought to be dependent on a scale of economic activity available in medium to large cities. From Portugal, Ireland and Finland to France and Britain, the major city has faced continuous growth much to the irritation of the rest of the country. Inhabitants outside the favoured zones perceive these developments with a great lack of trust, fearing that any transfer of resources to the flourishing metro-region will jeopardise their own resources or marginalise them. Given that high population concentrations often entail high congestion and other costs, a key question is thus: is there evidence that policies explicitly fostering the concentration of investments in few large metropolitan regions will prove to be beneficial for the overall national economy? The 2006 OECD report on *Competitive Cities in the Global Economy* argues that “resolution of this dilemma involves strategies of assisting metro-regions to maximise their economic and environmental possibilities, but without artificially promoting the growth of heavy population concentrations or inhibiting the development of other growth models in other kinds of region. In rapidly changing market economies it is not good public policy to put all one’s eggs in one basket”.

Source: OECD (2006c), OECD Territorial Reviews: Competitive Cities in the Global Economy, OECD Publications, Paris.

2.3.3. The challenge of guaranteeing equitable living standards across rural areas

As discussed in Chapter 1, rural areas in Germany, as in most other countries, are highly diverse in terms of their current economic and social conditions and in terms of their future opportunities. There are very prosperous areas that have high

standards of living as well as areas where economic and social conditions are well below national averages. Germany has an explicit commitment to equality to social services within its constitution that has provided major benefits for rural areas in the past. Germany faces two major challenges with regards to its commitment towards guaranteeing balanced living conditions across its rural regions.

First, the costs of providing services to rural areas are increasing because of rapid out-migration by the young in some rural areas and a rapid ageing of the rural population in general. The ageing demographic structure implies a growing need for medical and housing investments geared to the demands of seniors. In rural areas, this increased demand for seniors takes place in the context of a falling total population, so greater transfers of funds from the national government and the *Länder* are required to support the investment.

The ability of the Länder and the national government to fund these new outlays is constrained by other demands on government revenue, and a relatively high existing tax rate that limits the ability to raise additional taxes. As the relative cost of delivering social services to low population rural areas increase there are growing pressures to adopt differential levels of service to control outlays. The federal state recently started the discussion whether to support urban growth centres with supply functions for a larger hinterland and to transform the locally based supply of (not well working) services in the low populated rural areas into “mobile service offers”.

A second level of social cohesion outlays that has a major rural dimension is the still ongoing effort to re-integrate the new Länder into the rest of Germany. This has required major infrastructure investments in the former Eastern region to bring basic levels of services up to West German norms. Many (although not the majority) of these investments have taken place in rural areas in the East, however even high levels of investment in basic services have been unable to stem a population outflow from many of the rural parts of the new *Länder*. Despite large investments, the standards of service in the East remain below those in the West, but declining population is calling into question the wisdom of further investments.

A challenge for the construction of national rural policy is to find ways to provide efficient development support mechanisms that are appropriate to each type of region. This challenge has two parts. The first is to avoid providing support to those rural areas that do not need it since this would “waste scarce resources” while the second challenge is to provide a broad range of support mechanisms that can be combined in a variety of ways to address the unique needs of any given place. The design issue in the second case is to develop a relatively small set of programmes that can be administered efficiently, but which are broad enough to address the large variety of development needs of different regions.

The current policy framework and lack of a clear vision and integrated action in rural areas doesn't seem to be appropriate to deal with these challenges. Currently the policy mix for rural areas tends to be one that produces a relatively narrow set of policies that have weak targeting mechanisms. As a result there are considerable efficiency losses from "less needy" but well organised places capturing scarce funds. More importantly, the limited number of policy options leads to a mismatch between available support mechanisms and the real needs of many communities. On the one hand, rural development policy, such as GAK-drive policy, is typically characterised as being ineffective, because outlays seem unable to raise living standards in lagging areas.

On the other hand, the existing set of regional policies (mostly GRW driven) also suffers from important limits. While regional policy in Germany has been effective in the past with its focus on stimulating export oriented manufacturing it has gradually become overly limited. To some extent modifications by the EU to criteria for eligibility for matching funds have led to a modernisation of the policies. This modification has been more important since reunification, when a larger share of the German territory became eligible for EU support. The various Länder also conduct significant independent regional policy with considerable variation in their programmes, but they too tend to focus on manufacturing.

The strong orientation of regional policy on export-orientated manufacturing reflects the scientific mainstream in the 1970s, when the production of "export-goods" was interpreted as the main instrument for the expansion of regional GNP. In the meantime manufacturing industry in rural areas decreased strongly and the "traditional" regional policy lost its base. Until today, large parts of the handicraft and service sectors (including tourism) are not eligible for GRW-funding. In addition, with the increasing importance of "soft" factors in rural development (networking, skills, management structures, etc.) the traditional regional policy has become less appropriate. That explains why this policy was concentrated on the establishment of larger industrial centres in the East during the last years. In particular the relative growth of services has been problematic for regional policy because they do not fit tidily into the existing structure. Further, focusing regional policy strictly upon lagging regions leads to programmes that are strictly *remedial in nature*. To qualify for support a region has to first experience major disruption. If regional policy were more proactive it could perhaps prevent declines at far lower cost than helping failed communities recover.

In this context, there are legitimate questions about the capacity of the current sector-based approach to rural development to provide adequate solutions to the different challenges that exist across rural Germany.

2.3.4. Governance issues: who does what?

Governance problems are a significant impediment to the design and implementation of an effective and efficient German rural development policy. The main issue is one of policy co-ordination. Like most other member countries Germany has relied mainly upon sectoral policy for rural development. This has led to specific departments developing programmes that often operate with modest co-ordination, even though they have significant overlap at the community level. In Germany, the issue of vertical co-ordination is also important because in many cases the national government and the *Länder* share joint responsibility for a policy area. The establishment of the “joint tasks” at the beginning of the 1970s was recognition of the necessity for improving vertical co-ordination (see Section 2.2). Finally, a number of challenges emerge at the local level in terms of participation and capacity of actors and integrations of programmes.

1) Horizontal co-ordination of policies impacting on rural areas

There are **two critical points** to be addressed in terms of horizontal co-ordination of rural policy: 1) whether there exist institutional mechanisms that allow for a “rural proofing” of sectoral policy at both federal and *Länder* levels; and 2) the level of co-ordination of rural and regional policy.

1. “Rural-proofing” of sectoral policy. Analysis and interviews have provided no evidence of an effective institutional mechanism to “rural proof” the impact of sectoral policy in Germany. Responsibilities and resources for rural areas are divided among various Ministries (BMELV, 2006a) that often act with modest co-ordination and with limited knowledge of the impact of their policy on rural regions. A similar situation can be observed at the *Länder* level, although in some *Länder* (i.e., Rhineland-Palatinate) the problem of co-ordination is taken in charge at the highest level of government (the Council of Ministries) (BMELV, 2006a). It seems that there is not an institutional mechanism to provide strategic co-ordination of rural policy, regional policy and key sectoral policies. Nor does there seem to be a monitoring/budgeting system that allows for an estimation of the amount of public resources spent in rural areas. These resources are very relevant if we consider for instance key areas such as health, education or infrastructure development.

The discussion in Section 2.1 on GAK and GRW has shown that these mechanisms are not appropriate to provide a wide “rural proofing” of public policy in rural areas. In general, the PLANAK (GAK) and the federal ministries in charge of rural policy would have to check whether measures contribute to rural development. However, the one-sided agriculture related orientation of this body *de facto* hampers this. Synergies are often developed by means of policies covering several axes or sectors (including general structural policy).

For instance, the cultivation and utilisation of renewable raw materials, including bio-energy is supposed to take into account several objectives simultaneously (value added, jobs, climate protection, etc.). Similarly, the federal government should be engaged in coordinated measures to improve economic diversification in rural areas (BMELV, 2006b). However, it is not clear how these are implemented and what kind of institutional arrangements, procedures and organisational solutions exist to carry out these tasks.

The “cost of non-coordination” of policies impacting on rural areas is often high in terms of efficiency but especially in terms of effectiveness. There are several examples of duplication as well as conflicting policies in rural areas. For instance, contradictory policies sometimes constrain farmers wishing to adopt or strengthen rural development activities. An example is provided by environmental regulations and spatial planning procedures which can play a key role in regulating land use conflicts in densely populated regions. Often times these don't produce those win-win situations that could be fostered by more coherent approaches. Another example is the sometimes unnecessarily strict hygiene and food safety regulations that hamper the set up of short chains (like farm shops, direct milk sales, farm butcheries) and on-farm processing. These regulations were introduced without a careful targeting as a response to major food safety and animal disease problems caused by industrialised farming (Foot and Mouth disease, BSE, swine fever) and have a disproportionate impact on small-scale businesses engaged in artisan farm-based processing and marketing (Knickel, 2006).

2. *Horizontal co-ordination between rural and regional policies.* It seems that this type of co-ordination is modest at every level of government, except for the implementation of Structural Funds, for which is made obligatory by the Community Regulations. Regional and rural policy often tend to be similar because the context is the same and because both plans are initiated with little if any input from local government. However, while there is a considerable overlap in both the mechanisms and in the geographic area covered, *these are typically policy systems that operate independently.*

The problem of co-ordination between rural development and regional policy is formally addressed within the implementation of Structural Funds. The Community Regulations are obliged to establish a steering Committee (the so-called Monitoring Committee) where all sector administrations must be represented. *This mechanism however is limited to Objective 1 Regions (Eastern Länder) because of the presence of the four Structural Funds (multi-funds programmes), and doesn't include other regions where the separation among the different administrations is the rule.*

Reference to these issues is found in the National Strategic Plan for Rural Development (2007-2013), in the parts stating that: “The rural development

objectives are also supported by other aid policies (e.g., Structural Funds) outside the EAFRD Regulation and/or through other measures (e.g., of a public policy nature) on a complementary and synergetic basis.” This is especially applicable in respect of:

- implementation of Natura 2000 and the Water Framework Directive;
- reduction of the nitrogen surplus;
- promotion of economic activities (e.g., tourism) in rural areas;
- coastal and flood protection; and
- maintaining and structuring attractive landscapes with their living and local recreation functions.

The National Strategic Plan for Rural Development could be a good opportunity to start identifying new solutions to these problems but, at the time of writing, the draft version presented by the federal ministry to the European Commission is not clear as to how the co-ordination of rural and urban policy will be addressed.

2) The efficiency and effectiveness of vertical co-ordination

Although the challenges are partly different, the discussion on vertical governance of rural policy is key in all OECD countries. This is not only the case in federal countries like Germany and in those countries with a strongly decentralised institutional system (Mantino, 2006) but also in more centralised systems (like France or England). Key issues include the balance in the distribution of responsibilities and resources, the co-ordination in the design of rural policy, the implementation and evaluation of programmes, etc.

In Germany, GAK and GRW represent a key space for Federal-Länder co-ordination in the fields of rural and regional policy. Despite flaws, the simple fact that the two levels of government agree to co-ordinate their actions over multi-year intervals is important (Schubert and Todd, 2000). While the scope of the two agreements may be too narrow for some, they do reflect the items for which there is a broad consensus. The absence of other items in the agreement may reflect inertia or it may reflect a lack of consensus that precludes this type of collective agreement where unanimity determines the outcomes. Schubert and Todd note that other important rural development policy issues, particularly the conversion of rural land to urban uses and most environmental issues require piece-meal bilateral negotiations between individual *Länder* and the national government (Schubert and Todd, 2000).

Despite the role played by GAK and GRW there is little clarity as to the allocation of competences and resources in rural and regional policy between federal state, Länder and regional counties and how they co-ordinate. Vertical co-ordination seems to be limited to sectoral issues and does not include all policy measures aimed at rural development. Furthermore, the mechanism of national co-financing

seems to give more incentives to the design of traditional policies rather than to the most innovative ones. As discussed in Section 2.2, this does not necessarily mean that the efficiency of spending is low. This means that the co-ordination of all possible tools for rural development is finding severe limitations within the present framework.

Notwithstanding the role played by the federal government within the joint tasks GAK and GRW, its relative influence on rural development issues seems to decrease. Several observers consider that due to the ongoing federalism reform the overall 16 *Länder* will gain a dominating position in both rural development policy design and implementation. That may result in a further diversity of development strategies, not at least because of the regionally different state budget capacity.

3) Participation and local integration of rural development policies

*For what concerns local participation to the design and implementation of rural policy, many observers consider that the decentralisation process in the federal German system often “finds a sort of border at the Länder level”. Farmers’ organisations at the national and Länder level have a prominent role in shaping the objectives and nature of rural policies. Exceptions in this field are LEADER, *Regionen Aktiv* and other competition programmes. As discussed in Section 2.2, *Regionen Aktiv* is a programme especially conceived and managed at the national level, although the degree of active involvement of local communities and stakeholders is much higher of other programmes conceived and managed at the Länder level. However both LEADER and *Regionen Aktiv* programmes do not benefit from great financial resources (see next section) so they can not considerably influence the more general orientations of rural policies.*

*For what concern the integration of the different rural programmes at the local level, apart from results achieved again via LEADER and *Regionen Aktiv*, mainstream programmes do not seem to search for integration at the local level. As in other OECD countries, the integration of programmes in the target territories is hampered by a prevailing “silo” mentality. The mechanisms of implementing and delivering them by the Länder and other administrative structures often produces a separation between different streams of resources directed to rural areas resulting in substantial losses in terms of effectiveness.*

2.3.5. The role and finance of area-based programmes

*Social, institutional and economic effects are encouraging a stronger use of programmes like LEADER and the *Regionen Aktiv* in Germany. However, the traditional rural policy often neglects the demand of local individuals and groups for an active involvement in regional development processes. Due to better education, increased individual flexibility and the preparedness to personally engage in the improvement of local living and working conditions,*

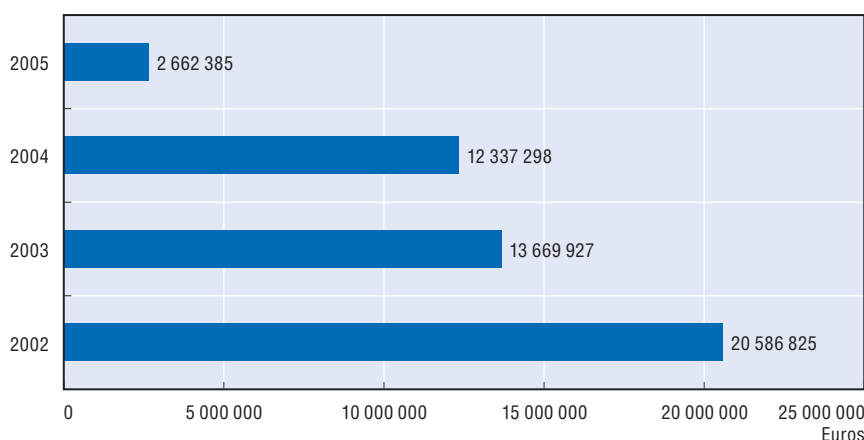
this potential remains under-used. Bottom-up, integrated rural development programmes have had important results (Augustin, 2006) but work with relatively modest financial resources.

Several evaluation reports have been produced on LEADER programmes.³ EU studies have also examined the potential for the mainstreaming of the LEADER approach, concluding that mainstreaming will require permanent support to capacity-building, networking and administrative co-ordination. The evaluation of LEADER 2 judged it “to be efficient because it was adaptable to every rural socio-economic context, brought key actors together, mobilised voluntary effort and was responsive to small scale activities and projects. It was judged effective because it closed the gap between a top-down programme and the local people, conveyed responsibility to local actors, and linked public authorities with the local economy and civil society. It contributed to sustainability by opening up new ways of creating added value and through capacity building.” (Ahner, 2004)

The LEADER programme, in fact, namely the last edition (LEADER+, period 2000-2006) has mobilised EUR 263 million of EU resources (3% of global EU resources planned for Germany in 2000-2007 period). These resources were shared by 148 Local Action Groups across Germany. The overall amount of resources assigned to LEADER has been widely considered to be too limited to produce significant impact in rural areas.

A similar point can be made regarding *Regionen Aktiv*, which has been established as a pilot programme (18 regions only) and whose public investments are smaller than LEADER (EUR 54 million of public resources, to which another EUR 57 million are added by private actors) (see Figure 2.8). Regional projects

Figure 2.8. **Budget allocated to 18 Regionen Aktiv 2002-2005**



Note: BMELV funding only (not including funding for the federal office of *Regionen Aktiv* and the accompanying research).

should reach a critical mass to be effective at the local level. This will depend on the amount of financial resources devoted to the initiative and by the size of the target region/population.

Conclusions

A disconnect between policy and actual conditions in Germany has been growing over time. Policy was largely developed during the period prior to reunification. Consequently it reflects a condition that prevailed in West Germany during the 1970s and 1980s. Not only do current conditions not correspond to conditions in the new *Länder*, they are also no longer in effect in the old *Länder* of the FRG. For example, Germany now faces a very different demographic situation than it did in the past and the national government can no longer afford to commit the same level of funding for development programmes. This chapter shows that Germany fundamentally lacks an explicit, integrated strategy for rural development as well as a governance infrastructure appropriate to implement it. Based upon good practices emerging across OECD countries, the next chapter discusses possible solutions to these problems.

Notes

1. The BMELV Ministry and the *Länder* agree to modify GAK's portfolio of measures to promote support to integrated rural development policy.
2. The Deutscher Bauernverband (German Farmers' Union, DBV) is among the most prominent interest farmers interest groups. Founded in 1948 and counting more than half a million members organised in 400 district associations, DBV exercises a strong influence over German and European agricultural policy.
3. See Seibert and Geissendorfer 2000; Geissendorfer and Seibert 2004. See also Leader2 evaluation at http://europa.eu.int/comm/agriculture/eval/reports/leader2/index_en.htm.

Chapter 3

Towards a Modern Rural Policy for Germany

The first section of this chapter addresses the issue of how to reach a coherent and widely supported vision for German rural areas. The second one discusses a number of policy areas that are key to increased competitiveness and social cohesion across Germany's rural regions. Finally, the chapter addresses governance issues and in particular how to foster the co-ordination of the many different actors involved into a truly integrated, place-based approach to rural development.

Key points and recommendations

This chapter puts forward the following policy recommendations:

- Develop capacity to monitor and assess both 1) trends in rural areas; and 2) impact of rural, regional and sectoral policy by filling research gaps and strengthening analytical capacity and information sharing within federal and *Länder* governments.
- Develop a coherent, widely shared vision for German rural areas. This vision should account for several internal and external factors influencing Germany's rural economy. Also it should proceed from a wide range of actors representing both rural and urban concerns, as well as consumers, environmental groups, farm and non-farm industries and other organised and less-organised stakeholders of rural development. Due to its narrow approach, the National Plan for Rural Development (2007-2013) to be developed in observance of EU regulations (Community Regulation No. 1698/2005) should not be considered as a substitute for a wider national strategy.
- Address cross-cutting determinants of rural competitiveness. In particular, two priority areas are identified which are key to the development of rural areas in Germany: 1) Fostering business development and innovation through the provision of public goods and territorially targeted education and training policies. Innovation policy should recognise the differences between urban and rural and thus focus primarily on tackling those barriers that prevent the assimilation of external innovation in rural regions, rather than relying on R&D investments. 2) Addressing the emerging strain in service delivery especially in East Germany's rural areas and ensure the economic sustainability of such services by modernising delivery in the key sectors of health and education.
- Increase support to investments *versus* subsidies in sectors (such as amenity-based tourism, *Mittelstands*, energy production and services to the elderly) bearing potential given internal and international trends.
- At the central level: 1) consider the establishment of a new legal framework for rural policy design following recent examples from other OECD countries; 2) consider the rationalisation of responsibilities over rural issues in terms of identifying a stronger leadership, better co-ordination and reduced asymmetries with *Länder* administrative structures; and 3) introduce rural-proofing mechanisms of sectoral policies as well as of regional and urban policies.

- Improve existing vertical co-ordination mechanisms in regional and rural policy and enlarge the scope of GAK towards explicit rural development objectives. Strengthen monitoring and evaluation and introduce performance reserves and incentives for increased local planning and co-operation. Consider merging the two Joint Tasks GRW and GAK into one single framework for regional policy.
- At the intermediate and local levels, foster the integration of sectoral programmes, strengthen technical assistance and capacity of public and private actors in strategic, integrated planning. Promote cross-fertilisation and local actor interaction nationally and internationally.
- Consider increasing funding and geographical reach of integrated, place-based programmes such as *Regionen Aktiv*. Most importantly, advance in mainstreaming these approaches as a means to increase cross-sectoral coherence and broader participation to rural policy design and implementation.

Introduction

As described in Chapter 1, Germany is a relatively densely populated country, but with significant variability in population density over its territory. This results in a relatively tight connection between urban and rural issues because there are few rural locations that are a long distance from a major urban centre. Agriculture and forestry remain the two largest uses of land but there are concerns with both land conversion to urban uses – housing, manufacturing and transport, at the urban fringe, and land conversion at the extensive margin – abandonment of farming in less favoured areas if agriculture becomes less profitable. A general national concern with an ageing population and the loss of employment opportunities for less-skilled workers has important rural dimensions. Energy supply and security is an emerging issue and rural areas already make a significant contribution to energy supplies through wind and solar systems and various forms of bio-mass conversion.

While there has been considerable progress since reunification in integrating the new and old *Länder* into an enlarged nation, there are still significant differences between East and West and many of these have clear rural dimensions. Potential changes by the EU to the CAP have important rural implications, as do any adjustments to regional funds, since these are the two main policy engines currently in place. Another major policy issue that has significant rural implications covers territorial differences in the levels and delivery mechanisms for social welfare programmes including health care education and access to basic government services. Finally, the business structure in Germany involves a large share of small and medium size businesses (SMEs) in both rural and urban areas. The ability of the *Mittelstand*

to continue to create jobs and income through strong exports is a crucial factor for the ongoing strength of the German economy.

Many of these issues involve more than rural policy, but rural policy has a place in resolving all of the key issues. However for rural policy to be an effective part of the policy process it will have to evolve beyond the current limits in Germany. The OECD has recently suggested new directions based on the principles of a “new rural paradigm” (OECD, 2006b) that are directly applicable to the German situation. In particular the key ideas of the “new rural paradigm”:

- integrated rural policy making at all levels of government;
- reform of agricultural policy;
- an increased focus on unused or under-used resources (such as amenities, energy sources, etc.);
- decentralisation and local initiative; and
- emphasis on investments *versus* subsidies in rural regions

... are already evident in parts of German rural policy. What is needed is a stronger application of these ideas as organising mechanisms for rural policy at the national, *Länder* and local levels. Table 3.1 sets out the key differences between the old and new rural policy approach emerging across OECD countries. The question discussed in this chapter is: *what are the priorities for action towards a modern, more effective and efficient German rural policy?*

Table 3.1. **The OECD new rural paradigm**

	Old approach	New approach
Objectives	Equalisation, farm income, farm competitiveness	Competitiveness of rural areas, valorisation of local assets, exploitation of unused resources
Key target sector	Agriculture	Various sectors of rural economies (ex. rural tourism, manufacturing, ICT industry, etc.)
Main tools	Subsidies	Investments
Key actors	National governments, farmers	All levels of government (supra-national, national, regional and local), various local stakeholders (public, private, NGOs)

Source: OECD (2006b), *The New Rural Paradigm: Policies and Governance*, OECD Publications, Paris.

Roadmap for the chapter: this chapter discusses three main sets of issues. The first section (3.1) addresses the issue of how to reach a coherent and widely supported vision for German rural areas. The second section (3.2) discusses a number of policy areas that are key to increased competitiveness and social cohesion across Germany’s rural regions. Finally, the chapter addresses governance issues and in particular how to foster the co-ordination of the many different actors involved into a truly integrated, place-based approach to rural development (3.3).

3.1. Building a shared, informed vision for German rural areas

This section discusses the need for a coherent, strategic vision for rural development in Germany. In the policy-making circle there appears to be insufficient information on what “rural” is, on what happens in rural areas, on the actual and potential contribution of rural regions to national growth and development. Despite increased public attention for the value of the rural space, of its environmental and cultural resources, policy making still doesn’t seem to have moved beyond a traditional agriculture-based vision of rural areas to incorporate wider concerns. These growing societal concerns are often dealt with as appendixes of sectoral policies thereby missing the benefits of a strategic focus.

In this context action is needed towards 1) better understanding of rural dynamics; and 2) the development of a coherent, widely shared vision for the future of German rural areas. These points are discussed in the two following sections.

3.1.1. Filling the knowledge gaps

Two major knowledge gaps should be filled to create solid grounds for a new vision for German rural areas.

1. *Research gaps on rural development dynamics.* In Germany, as in many OECD countries, a strong focus on “rural research” does not exist. Because of the strong association between rural policy and agricultural policy and the relatively favourable economic development of most rural areas in the West after the World War II, a broad rural research agenda hasn’t developed. Today, similarly with what is the case in terms of policy making, research in rural development suffers from biases towards urban and agricultural research. “Rural” is thus frequently considered as a research field *within* the agricultural sphere.

Besides the BBR Ministry, a large federal research institute for agriculture (FAL, *Braunschweig*) exists as well as federal research centres for different agriculture-related questions. The FAL recently created an “Institute for Rural Areas” as a department of the research field “agricultural economics”. Research on rural issues is performed 1) on the *Länder* level by some state institutes (e.g., Baden-Wuerttemberg); or 2) university institutes – mainly in the field of geography; or 3) by private research institutes which perform mainly evaluation studies.

The resulting knowledge gap is relevant and hampers the understanding of rural dynamics and thus the development of informed strategies and policies

for rural areas. A new research agenda supported by the federal and *Länder* institutions should cover areas such as:

- impacts of growing mobility on the rural-urban inter-relations; consequences for traffic and IT-networks, (social) exclusion of a non-mobile population from labour markets;
- differences in the mobility of rural population by gender (in parts of the Eastern rural areas predominantly women emigrate which further accelerates the demographic and social problems);
- new land use systems in areas with low population density and lacking services for farming; relation between farming and nature protection areas, long term land management;
- inter-regional re-distribution of assets, decreasing value of “rural properties” against increasing value of buildings and other assets in urban centres;
- “new” potential in the development of rural areas: renewable energies, leisure activities, provision of adequate services for elderly people;
- innovative governance, multi-sectoral co-ordination, better integration of NGOs, regional associations;

The creation of a non agriculture-based national institute for rural research and data analysis to carry out innovative, rigorous qualitative and quantitative analysis of rural development trends should be considered.

2. *Knowledge gap in terms of public expenditures and of policy impact in rural areas.*

The amount of public expenditures by type of region is hardly known in Germany. Figures about the expenditures provided by programmes are better known than the “regular” expenditures for running tasks. Due to problems of co-ordination between federal and *Länder* level as well as between the sectoral ministries public support provided by programmes may often conflict with regular public expenditures (e.g., investments in urban traffic networks aiming at the facilitation of mobility against strategies to maintain rural population).

There is a need for mechanisms to make clear and public who does what in rural policy and with what resources. An example of a mechanism that could be introduced in Germany is provided by the Mexican Special Concerted Programme for Sustainable Rural Development (PEC for its acronym in Spanish), launched in 2002. The PEC is a budget system which incorporates the allowances of the different ministries to rural programmes or the “rural share” of their programmes every year. This has become a useful instrument for policy makers in that it offers a clear, transparent quantitative support to any discussion on strategies and investments in rural regions (see Box 3.1).

*In terms of policy impact, governments at both federal and *Länder* levels should consider action to increase their capacity to monitor and evaluate the efficiency and*

Box 3.1. Mexico's rural "budget" system

Mexico, as many other countries facing the multifaceted character of rural development, has searched for alternatives to provide consistence to the policies that different ministries pursue in rural areas. The first step in that process consisted in the identification of policies and budgets oriented to rural territories.

In 2001 the new law on Sustainable Rural Development introduced the legal obligation for all ministries to conform to a concerted plan for rural policy. The Special Concerted Programme for Sustainable Rural Development (PEC for its acronym in Spanish), launched in 2002, includes objectives, strategies and programmes of several ministries and was intended to constitute an element for integration and ordering of the actions of 14 federal entities involved in rural development. As a sub-product of this plan, since 2003, an accounting exercise has been done every year incorporating the budgetary allowances of the different ministries to rural programmes or the "rural share" of their programmes. This exercise has constituted since then an official "rural budget" that is incorporated as an annex to the federal budget.

The introduction of a "rural budget" in Mexico was not without challenges. The most important lessons learnt about this process are the following:

- *Accounting and transparency:* The aggregation process has to be framed in clear and transparent criteria of what programmes are rural and for the programmes that have both rural and urban impact, criteria for determining how the "rural share" should be calculated.
- *Inter-temporal comparability:* Clear criteria for aggregation are also crucial for the rural budget to be comparable over time. The incorporation and extraction of programmes should be clearly stated in order to allow comparisons, particularly from one administration to the other.
- *Sub-national impact.* Since both revenues and expenditure are strongly centralised in Mexico, the "rural budget" is mainly composed by federal budgetary allocations and transfers to states and municipalities. These transfers however are not always earmarked. A decomposition of the "rural budget" by sub-national administrative units is important to take into account the heterogeneity present in rural areas.
- *Political meaning of the "rural budget".* The rural budget constitutes an important tool for policy makers; however, it also represents a new political tool for negotiation with rural constituencies. This aspect should be managed carefully, with mechanisms oriented to improve the efficiency of the rural spending rather than the continuous aggregation of resources and programmes to "inflate" for political reasons the "rural budget".
- *Synergies of rural policy.* The most significant goal of having a rural budget is the one of fostering synergies in the intervention of different agencies in rural policy. This implies strengthening the dialog among the entities involved and a critical revision of the budget oriented to merge, transfer or eliminate certain programmes impacting on rural areas.

Source: OECD (2007b), OECD Rural Policy Reviews: Mexico, OECD Publications, Paris, forthcoming.

effectiveness of public expenditure in rural areas. In particular, the following tasks can be identified as being important pre-conditions to the development of an informed rural policy:

- Establishment of continuous regional monitoring systems on at least NUTS 3 level, including all relevant sectors: land use, economy, environment, social indicators.
- In the context of evaluation of EU programmes, a systematic monitoring with an EU-wide comparable set of indicators has firstly been established; it should be extended nationally, possibly linked with the existing monitoring of the BBR.
- Broad analysis of regional impacts of non territorial policies.
- Effects of taxation policy; *e.g.*, on the cost of commuting, effects of education systems, national infrastructure policy, location of universities and professional training centres.
- Comparison of different territorial taxation and financing systems; financial compensation systems between rural and urban areas, wealthy and lagging areas.
- Test of different regional management systems with respect to efficiency, sustainability, value-added against state services.

3.1.2. Elaborating a politically agreed vision for rural areas

An integrated rural development policy should rest on a coherent “vision” on the future of German rural areas. In order to develop such a vision there is a need for a fresh look at rural areas and a clear recognition that *rural cannot be synonymous with agriculture*.

A new discussion about the function of rural areas in a rapidly changing society should consider several factors: the role of international trends (globalisation, WTO negotiations, CAP reforms, EU enlargement, etc.); internal dynamics of German rural areas (such as those analysed in Chapter 1), environmental concerns, equity concerns and the overall strategy for national growth and development. These elements should be viewed as factors of the same complex system to be dealt with through a holistic approach that recognises the importance of their interaction and inter-dependence.

In particular, a new vision for rural areas should incorporate groups that are often not participating to the rural debate. For instance consumers, urban citizens, environmental and cultural interest groups should all participate to building such vision. The participation of a broader set of actors should not be viewed in contrast with the current central role played by farmers’ organisations. Increased societal attention to rural development and new consumer demands create opportunities for rural inhabitants including farm households which increasingly rely on off-farm income (see Chapter 1). A fresh vision on rural

areas offers farm households the opportunity to get involved in several profitable activities. These include direct marketing, landscape and biodiversity management, the production of renewable energy, waste and water management and other services to rural areas. These opportunities are linked to new markets with little substitution of existing activities.

From a political perspective, the need for the new rural vision to be “widely shared” is particularly important. Consensus from wider sectors of the society can help to counterbalance the possible initial discontent of the most conservative groups and organisations. By involving a broader set of actors and publicising the benefits of a modern rural development policy for Germany, the national government could unlock the present situation that often sees it “caught in a ‘double-bind’ between the EU level, which decides on fundamental changes in agricultural policy, and the *Länder* level with prime responsibility for rural policy implementation and with entrenched positions and interests” (Knickel, 2006). An interesting example of this is provided by the Canadian experience (see Box 3.2).

Box 3.2. The establishment of a national agenda for rural areas in Canada

Canada’s initial step towards a strategic vision on rural development was a paper called “Think Rural”, commissioned in 1997 by the Standing Committee on Natural Resources. This paper published in 1988 emphasised the need to be innovative with respect to development approaches by involving rural communities themselves in defining their own needs, identifying solutions and then implementing them. “Think Rural” contained recommendations about individual rural Canadians’ perspectives, bringing into sharp focus the necessity for representation at a policy level. In response to this paper the Canadian Rural Partnership (CRP) was created in 1998.

The CRP is the key policy framework supporting Canadian federal rural policy efforts to date. The partnership operates within the federal government attempt to ensure that federal programmes, policies and activities account for differences in programme and design to allow rural citizens to have equal access to the programme or services in question. An inter-departmental working group, which began in 1998 with 17 representatives and currently consists of representatives from 32 federal departments and agencies as well as rural teams working in each of the 13 provinces and territories, is responsible for implementing the partnership.

The Rural Secretariat provides the overall leadership and co-ordination for this horizontal-portfolio, cross-government approach. The Rural Secretariat’s key mandate is to advise government in matters related to rural and to evaluate and recommend and formulate policy for rural areas based on the “rural lens”. Establishing a “rural lens” approach to policy proofing was the third step in Canada’s efforts to raise rural consciousness (see Section 3.3).

Source: Government of Canada (2005a), “Checklist of Rural Lens Considerations”, Canadian Rural Partnership, www.rural.gc.ca/checklist_e.phtml.

An important discussion related with the development of a new vision for Germany's rural areas has to do with the introduction of the National Strategic Plan for Rural Development (2007-2013) by the Community Regulation No. 1698/2005. In principle, this tool gives the opportunity to the national level to introduce stronger elements of national programming and a more effective vertical co-ordination. This represents a substantial change in a framework traditionally dominated by a "menu approach" and could provide better results in terms of effectiveness of rural policies, not only in Germany but also in other countries with decentralised systems (Mantino, 2006). However, the National Plan for Rural Development to be developed under EU regulations should not be considered as a substitute for a wider national strategy. This strategy could have a wider scope than the current framework set by the EU and thus include a broader view on the future of the country's rural regions.

3.2. Fostering rural competitiveness and social cohesion

While German rural policy was able to support the development of rural areas in the past, in the last decade it has largely failed to adapt to the changing rural environment. As in other countries, the lack of positive results has led some to question the need for an explicit rural development policy or policies. As agriculture has lost its predominant role in rural areas, an argument has been advanced that rural places are not all that different from urban areas in terms of occupational mix and demands for social services. From this perspective, general purpose policies, such as, support for business development, support for education and healthcare, and support for workforce skill development that are applied without a territorial dimension are adequate to address development needs, whether they are in urban or rural areas.

In reality there are still strong arguments for territorially distinct rural policy. Rural areas are still distinct in terms of low population density and low density of market relations. As a result transaction costs are high and there are more limitations on markets in the form of missing markets and small numbers of participants. This is most obvious in terms of employment opportunities, difficulties in reaching minimum size for the efficient provision of services and missing labour force skills. As a result, development problems are different in rural areas than in urban areas and policies that are designed to deal with an urban context typically do not work well in a rural setting.

*Based on the principles outlined in "The New Rural Paradigm" and on the specific German context, the next section identifies **three key policy areas** where additional efforts could make a significant contribution to improved development conditions in rural areas. In a context of scarce resources, these areas could be considered as the first priorities of a new Germany strategy for rural development.*

3.2.1. Promoting innovation and business development

Innovation and innovation policy are increasingly identified by academic research but also by government reports as a key tool for achieving regional economic development. Traditionally, theories around innovation focus on innovation within firms and innovation is often viewed as a scientific and/or technical sequential process driven by experts. This view on innovation is often linked with high-tech sectors and ICTs.

The question of how to define “innovation” is not just theoretical, it has strong policy implications in Germany. Within the prevailing narrow definition associating innovation with high-tech, high-skilled businesses, policies promote innovation in industries that are traditionally associated with urban areas: IT industry, bio-technology and other scientific and medical industries. In Germany, as a consequence of this orientation, rural areas receive little mention in national policy discourses on innovation policy. In the resulting effort to promote advanced technologies there has been limited attention paid to the potential for innovations of other types and innovations in places other than major urban centres. Indeed the growth of high technology firms in urban centres has re-invigorated the idea of urban growth poles that advance endogenously but in turn propel their hinterland (see Chapter 2, Section 3). In this perspective, the discussion on innovation and innovation policy tends to overlook the role of rural areas.

However, more recent studies of innovation have emphasised the role of learning, rather than scientific discovery, within the innovation process. Within this perspective, a greater role is assigned to different forms of knowledge and social capital. These include the institutional and social environment for innovation, administrative and legal frameworks, education systems, the role of social capital and of tacit knowledge in the generation and diffusion of innovation (Dargan and Shucksmith, 2006).¹ Evidence from across the OECD shows that innovation in rural areas often takes the form of small developments and projects mostly within already existing sectors such as handicrafts, agriculture, tourism and services targeted to the elderly to name a few. In this perspective, innovation and innovation policy are an important part of the discussion on rural development. Embracing a broad definition of innovation and innovation policy, a more effective German approach to rural policy would support innovations within these and other emerging rural industries helping them to be more efficient, more profitable and better linked them with one another.

In fact it may be more important than ever that innovation be embraced as a key part of Germany's rural development strategy. All the older industrialised countries including Germany have experienced strong competition from the newer members of the OECD and from the rapidly industrialising parts of the developing world. In addition almost all the OECD countries, Germany in particular, are experiencing adverse demographic change with an ageing and

shrinking labour force. These two facts make innovation important as a national strategy because advanced nations cannot compete with developing nations in terms of labour costs, which makes labour productivity important. An ageing and shrinking labour force further reinforces the necessity of finding ways to boost labour productivity if GDP is to grow. While this is a national strategy it is perhaps most important in rural areas. Rural areas tend to have a higher ratio of tradable to non-tradable output so they are more exposed to foreign competition. Further, rural areas have tended to specialise in lower technology industries in the past, which greatly increases their exposure to foreign competition. Finally, given persistent trends of younger workers leaving rural areas for better opportunities in urban places there may even be a greater need for labour saving innovation in rural regions.

A key point is that innovation policy should recognise differences between urban and rural and thus focus not only on fostering the capacity to “produce” innovation through R&D investments, but also on tackling those barriers that prevent the “assimilation” of external innovation in rural regions. This point is confirmed by recent research across the EU (Rodríguez-Pose and Crescenzi, 2006). Government actors, agencies and politicians can be instrumental in providing advice, support, finance, and networking skills that support innovation in rural areas. As there is such a wide variety of innovative activities being undertaken in rural areas, there is no definitive answer to the kinds of skills and support required to support those activities. However, despite the diversity of situations involved, at least **four areas** can be identified in which more efforts should be put within a new German approach to rural innovation.

1. *Business services and adoption of new technologies.* The strong export orientation of German firms, especially for SMEs, exacerbates the effect of globalisation. A clear consequence for German firms is pressure to alter production methods and products to focus on higher value and more skill intensive outputs. This reduces the need for less-skilled workers and increases the demand for more highly skilled workers. Rural firms however face significant restructuring problems due to rigidities in labour regulations and a mismatch between available worker skills and employer demands. In rural areas where labour markets are thin these problems are especially severe.

However, although the great potential of employment of small business and trades is commonly acknowledged, political support is not sufficiently directed to these potentials. Only enterprises which produce for more than the regional level are subject to GRW support. Concerning the GAK and rural development schemes the focus is mostly on processing and marketing of agricultural and forestry products. Subsequently there is a gap of support in the field of small business and trades, which mainly operate at regional level outside the agricultural and forestry sector.

Services should target knowledge gaps of rural firms in the fields of management, financial procedures, marketing and improvements in production processes. Modifications to production methods that reduce time or inputs for instance can significantly enhance the competitiveness of rural businesses vis-à-vis their foreign competitors. Similarly, improvements in logistics can further enhance an existing comparative advantage of rural areas, proximity to customers. If products can be moved to customers faster and at lower cost this can offset production costs that are higher than those of foreign competitors. Finally innovation in quality control can make a large contribution to the competitive position of the firm. Higher quality products reduce production costs by eliminating scrap and repairs and they enhance customer loyalty by providing a consistent product. The ability to deliver higher quality is also an effective way to offset the advantage of place with lower input costs.

Services should also aim at filling the financial gaps that rural businesses face. With Germany's rural businesses increasingly oriented towards the tertiary sector, collateral represents a key obstacle to financing. Financing needs of rural businesses could be supported via a number of initiatives that have proved to be effective in several OECD countries. These include credit guarantee programmes, micro-credit and the development of Business Angel Networks (BANs) (OECD, 2006a).

Another particular area for support is related to the adoption of new technologies in production processes. Smaller firms typically lack the ability to keep up with rapid changes in technology or to identify how new technologies can be adapted to the specific products or processes they employ. However early adoption of new technologies can greatly enhance the competitive position of any firm. Thus, an important role for government is to support technological innovation by making engineering services available to small firms. In rural areas the public provision of these and other services is key to the capacity of rural firms to innovate and remain competitive.

Information and communication technologies (ICTs) offer additional tools for internal and external communication that can increase rural businesses performances. External methods promote advertising, images and services of business and tourist offers. Also, through ICTs the access to non-local resources such as specific services or education opportunities can be improved. Within the region, the exchange of information between local actors and businesses can improve with greater ICT use. ICT technology plays an important role in Objective 1 region schemes and in projects planned under the LEADER+ initiative. These efforts should be sustained in order to demonstrate the benefits of ICT and improving awareness and capacity.

Box 3.3. Innovative service provision to rural businesses

Wisconsin, United States. The University of Wisconsin CNRED programme has community development interventionists in over 65 communities in the state. Beginning in the early 1960s, rural community leaders in northern Wisconsin, where they had already lost most of their agriculture, complained to the University that they no longer needed agricultural extension agents. They needed professionals who could help their communities develop other economic engines besides agriculture that would provide employment. The role of the extension CNRED agent is to encourage, facilitate and affirm local talent and home-grown ideas, as well as to serve as a resource, convener, and broker within the community and between the community and the University of Wisconsin, thereby helping the community to develop itself. Many of the CNRED agents will organise and often staff local partnerships, task-forces of local government, and business councils to facilitate development.

In France, the CASIMIR Technology Centre was established in 1985 in the region of Auvergne. CASIMIR's basic task is to provide small (largely rural) businesses in the Auvergne with information and advice, putting them into contact with service providers and laboratories and providing support for specific projects. These services are provided free of charge, unlike the technical services provided by CASIMIR's subsidiary TECHINAUV. One of the centre's strengths is represented by its technological development consultants, who combine technical skills with solid direct experience in small businesses. Every five years, each consultant spends six months working in a business. CASIMIR's areas of work include industrial design and processes, engineering, food production and processing, packaging, information and communications technologies. CASIMIR also manages CORTECHS, a scheme under which businesses can receive advice and, if they take on a technical worker under 26 years old, are eligible for a grant to cover half the salary for the first year. Partially funded by the European Rural Development Fund the CASIMIR partnership comprises government authorities, two universities, four research bodies, three employers' federations and 13 private companies (see www.casimir.org; www.fusionlinking.co.uk/TOP.html; www.littletongov.org/bia/economicgardening/default.asp).

Scotland. Fusion is a public private partnership – a membership company with support from the Regional Development Agency, Highlands and Islands Enterprise. Its main role is to build a “sustainable network of entrepreneurs and innovators in the Highlands and Islands”. It facilitates creative interaction between new and experienced entrepreneurs in the region, allowing them “to spark off each other and generate fresh new approaches and solutions”. Fusion provides a range of services to business, such as looking out for suitable business opportunities, providing an annual strategic review service to

Box 3.3. Innovative service provision to rural businesses (cont.)

members, bringing members together with other business people to explore needs and develop ideas in a supportive way, helping to identify funding for R&D, developing links with location- and interest-specific sub-groups, and offering opportunities for training, network and development. *Fusion* runs an Innovation Award schemes sponsored by Microsoft.

Colorado, United States. “Economic gardening” began in Littleton, Colorado to support local entrepreneurs in rural areas. As much as three-quarters of staff time available for business support is used to provide tactical and strategic information. They have developed sophisticated search capabilities using tools often only available to large corporations. They subscribe to ten different database services and CD ROMS which provide them with access to over 100 000 publications worldwide, and they use these tools to develop marketing lists, competitive intelligence, industry trends, new product tracking, legislative research and to answer a number of other custom business questions. They also monitor all new construction through Dodge Construction Reports so that local contractors can bid on projects. In addition, they track real estate activity and have access to the market reports of national consulting firms. Their Geographic Information Systems (GIS) software can plot customer addresses as well as provide demographic, lifestyle and consumer expenditure information. They also monitor local businesses and vacant buildings and projects. Finally the information component also includes training and seminars in advanced management techniques such as systems thinking, temperament, complexity theory and customer service strategies.

Source: OECD (2006b), *The New Rural Paradigm: Policies and Governance*, OECD Publications, Paris.

2. *Rural education and skills development.* In a context of strong foreign competition, increasing sophistication of products and necessary substitution of capital for labour post-secondary education is crucial. For small and medium size firms, the *Mittelstand*, skill development through formal programmes is an important precursor to on-the-job training programmes. Since rural areas are more dependent upon employment by SMEs than are urban centres they are also more dependent upon the existence of effective post-secondary training programmes that are tailored to local employment opportunities. Smaller firms are less likely to be able to afford extended in-house training programmes but have, if anything, an even greater need for skilled workers than larger establishments.

While the base for improved labour force skills begins in the school system there are major opportunities for innovations in skill development that can take place beyond the last years of formal education. There are two main foci, the first is skill development for new entrants into the workforce and the second is for those who need additional skills after having been at work for a number of years. In Germany, for the first group making a smooth transition from school to work has been mainly carried out through the dual track programme where youth are exposed to both formal education and work in the secondary education system. Beyond this the apprenticeship process is still a major pathway to higher level job skills.

The problem with the current model is that it does not adequately take into account the likelihood that the skills needed in any occupation will change significantly over the time of a career, nor that most workers will switch occupations several times during their work life. This means that it is more important to teach how to learn than to teach a specific set of skills. By contrast the current school to work transition is more oriented to developing a specific set of skills currently used in an occupation. Moreover, Germany continues to face job dislocation brought about by industrial restructuring. Many of the individuals displaced have lower levels of formal education and job skills that are specific to occupations that are disappearing in Germany. For those workers who are still more than a decade from retirement retraining can be the most effective way to facilitate re-employment. In rural areas retraining programmes are more difficult to operate because of the small and highly heterogeneous population of clients. In addition workers may have to relocate after retraining because the local economy cannot absorb many additional workers. If relocation is required it may be difficult to match training programmes to employment opportunities in other regions. Consequently retraining may be more efficiently delivered in regions where the job opportunities are greater, rather than in rural areas where displaced workers are to be found.

It is crucial that retraining programmes be adapted to rural areas where the number of workers per community is small and existing training methods may be too costly to employ. If displaced workers are to remain in the community it is important to provide them with skills that have a local demand. Moreover, it is just as important to recognise the size of this local demand so that not too many workers are thrust upon a narrow market thereby depressing employment opportunities. If workers have to leave the area it is crucial to link training to places where the worker may be interested in moving so that each worker has a set of skills appropriate to the new location. This entails providing workers with information about places as well as careers and working with them to identify a place and job combination that is attractive.

3. *Attracting new rural residents and the “creative class”.* The argument in this section has been that innovation in rural areas that needs to be supported is mostly linked with already existing, traditional activities as opposed to new activities based on high-tech and a highly skilled labour force. Recent research however, points out the importance that new rural residents and in particular that the “creative class” can play in rural development. In fact, the impetus for innovative projects in rural areas often comes from actors external to the locality.

A common comparative advantage shared by some rural areas is the ability to support a high quality of life. Research shows that a number of professionals pertaining to the creative class (such as architects, artists, engineers, software developer, designers, etc.) are more and more keen to move to places that are offering a better quality of life. This argument is particularly relevant for Germany where most rural areas are relatively well linked to urban centres and thus these types of individuals can move more easily. The implications for these findings are that valorising amenities is not just conducive to the attraction of more tourists and retirees but also to the attraction of younger, talented individuals. Their presence in turn can generate relevant positive effects on the rural economy in terms of new firm formation and employment growth. The next section discusses in greater details the issue of amenity-based development and the potentials that are found in Germany.

The discussion on the “creative class” or more broadly on the role that “new rural residents” can have in rural development has important policy implications. Businesses become more and more reliant on the input from professional staff with specific preferences in terms of quality of life and there is scope for policy to foster the valorisation of those framework conditions sought by these kinds of individuals. This suggests a *stronger focus on investments in both business and social services as well as in the valorisation and access of natural and cultural amenities as opposed to sectoral subsidies.*

4. *Institutional innovation.* Research shows that innovation is strongly linked with social processes such as the creation of networks, the strengthening of local identities, and the creation and dissemination of knowledge. These social forms of innovation take place more easily when the government promotes forms of *governance* that recognise the importance of knowledge-pooling and the distinct role that public, but also private actors can play in the design and delivery of rural policy. These aspects are discussed in Section 3.3.

3.2.2. Valorising amenities and exploiting natural resources

Innovation is not just about “doing traditional things in a new way” but also about diversifying towards new activities that make use of unexploited resources. As discussed

in Chapter 1, Germany's rural economy is already highly diversified with agriculture now playing a minor and declining role. Chapter 2 has highlighted however that policies directed to rural areas still tend to focus on agriculture. There are a number of economic activities which, if properly sustained, could release relevant unused or under-used potential. As a matter of example this section aims at drawing the attention to the potential for rural development linked on the one hand with Germany's natural and cultural amenities and on the other hand with natural resources that are abundant in rural area.

Various OECD reports have shown that economic development for rural regions is often driven by more effective use of natural and cultural amenities. Amenities like landscapes, mountains or beaches contribute to the attractiveness of a region as well as provide the "raw materials" for different kinds of economic activities ranging from tourism and entertainment industries to speciality products and foods. Amenities have special conditions relating to both production and consumption that are not always effectively present in conventional markets. Market failures typically occur where there are few direct incentives for private actors, or even public actors, to provide, maintain or invest in the supply of amenities (because it is difficult to convert this investment into revenue accruing solely or in large part to the investors). Therefore, providers of amenities need financial incentives to maintain and/or provide access to these amenities at a reasonable cost to the consumer.

Policy must recognise the economics of the provision of amenities that lead to market failure, notably their public good characteristics and spillovers (externalities) (OECD, 2006a). There are a variety of instruments to ensure optimal provision of amenities that take into account these special amenity characteristics. Examples of such instruments include creating direct amenity markets (paying for access, user fees); creating amenity-related commodity markets ("green" markets); buying of resources by interest groups; incentives, taxes and subsidies to providers, etc. These instruments need to estimate the value of (demand for) amenities and thereby set prices and encourage the creation of market or market-type mechanisms to transfer benefits. There are two principal types of policies to promote markets: 1) policies to stimulate co-ordination between supply and demand; and 2) instruments that provide regulatory or financial incentives or disincentives to act in a particular way.

Investing in amenity-based development is particularly important in Germany. As discussed in Chapter 1, a large portion of German rural areas are located within the influence of an urban centre and the level of transport connectivity is particularly high. In this context, the urban demand for natural and cultural amenities is at an easier reach than in most OECD countries. The OECD has identified a number of best practice principles in valuing rural amenities (Table 3.2). These policies address: 1) the general approach to rural amenities, including the institutional arrangements and market mechanisms that help

realise their value; 2) they acknowledge who bears the costs of providing amenities; and 3) they consider the territorial dimension of amenities and the fact that they may not always be reproducible if they are destroyed.

Table 3.2. Best practice principles to valorise rural amenities

Policy area	Best practice principles
Approach to rural amenities	• Primary aim is to realise amenity value for economic development which in turn optimises its supply to meet demand • Support the market to fulfil efficiently its role in realising amenity value • Treat some public good amenities as private goods when possible • Direct government intervention for amenities which are public goods and/or externalities • A policy package is more likely to be successful than single instruments
Bearing the costs	• Property rights should be carefully assigned • Beneficiaries of amenities should be identified and required to pay costs when possible • The state should represent the public interest if the beneficiaries cannot be identified
Policy principles	• Ensure a territorial dimension • Carefully design preservation (most rural amenities can not be re-produced and future demand is unknown) • Monitoring and evaluation to gain credibility and ensure effectiveness

Source: OECD (1999a), *Cultivating Rural Amenities: An Economic Development Perspective*, OECD Publications, Paris.

Box 3.4. Betting on rural amenities: examples from OECD countries

Linking up farming and tourism in Crete by a private initiative, Greece. In Crete, it is only where individual hotel enterprises offer special diets or are concerned with their own positive environmental friendly image that sustainable farming can be enhanced by tourism. Grecotel has launched a pilot project (*Agreco*) to ensure supply of fresh high quality food for its hotels. In Rethymnon where Grecotel has 3 500 beds, this initiative includes 40 varieties of fruit and vegetables. Such effective linkages in the local economy can help spread the benefits of tourism revenue to parts of Crete that are at distance from the most visited areas and thereby ensure that the public goods associated with Cretan farming landscapes benefit to all.

The “Cheese” Route Bregenzerwald, Vorarlberg, Austria. This was a strategic lead project for the LEADER 2 programme in this westernmost province. The aim was to build on a well-established local product – cheese – in ways that assured the livelihood of the rural population, reduced commuting and helped to create new jobs in tourism and trade. It was an holistic concept, with multiple and

Box 3.4. **Betting on rural amenities: examples from OECD countries (cont.)**

multi-sectoral beneficiaries, strong public-private partnership, and co-operation between different sectors including agriculture, dairies, accommodation providers, alpine pasture managers, trade and commerce. It has led to further innovative products (such as *Kaesezwickel*, *Kaesetraeger* and *Kaese&Design*) and the establishment of a new high quality regional branding. It has helped to maintain traditional alpine farming, and hence the quality of the cultural landscapes.

Contrat territorial d'exploitation (CTE), France. This was a prominent innovation in the French Rural Development Plan (part of the Common Agricultural Policy Agri-Environmental measures, now in the “Second Pillar”) between 1992 and 2003. It was considered to be a success because it was highly accepted by the farming community, especially in the poorer farming areas, and because it had favourable environmental and agronomic impacts. The CTE's were individual contracts between farmers and the state that address the multi-functional role of farming by offering a package of measures designed to address the economic, environmental, territorial and social role of farming. Moreover, the governance is decentralised, and model CTE measures must be approved by regional commissions including local political leaders, farmers and the local agro-food sector, territorial development agencies and local environmental organisations.

The rural museums network of Siena, Italy. A good example of valorisation of cultural heritage is the museum network of the Italian Province of Siena (*Sistema dei Musei Senesi*). Items that were previously kept in a myriad of municipal and parish museums are to be exhibited in a series of 25 museums scattered over the territory. The museum system policy provides a good example of efforts to increase the experiential value of the province to tourists while also relieving the carrying capacity problem (“the Venice effect”) of the most popular destinations. It does this by providing a mechanism for redirecting the 200 000 visitors of the main museums in the city to less popular areas. Each museum provides links to other museums in the network, assembling a sort of organised serendipity so that during the course of discovery in one museum one is directed to the other sites. For example, a tourist's interest in terracotta, mining, or the Tuscan countryside introduced in one of the main museums can be investigated in depth at these topical museums off the beaten track. Additional didactic activities are also developed to attract specialised tourism. This initiative also illustrates the key role that museums can have in understanding and interpreting the history and identity of a given rural territory.

Source: OECD (2006b), *The New Rural Paradigm: Policies and Governance*, OECD Publications, Paris.

The number of farms in rural Germany offering farm holidays and overnight stays are constantly increasing along with turnover rates. This phenomenon should be acknowledged and supported by public policy. In many regions where the policy focus is still largely concentrated on agriculture, public policy could be developed to include the protection and maintenance of the cultural and historic heritage. This heritage contributes to sense of identity of rural people and provides support to already existing linkages between tourism, typical food production and local traditions. Similarly, an integrated policy for amenity-based development could promote short supply chains that link farmers and consumers or tourist theme routes that link different activities on both the supply and demand sides (Schubert and Todt, 2000).

Box 3.5. A German success story: amenity-based development in the Eifel region

The region of the Eifel was one in which the German *Regionen Aktiv* programme brought particularly relevant results. The region crosses the inner EU borders to Belgium and Luxembourg. It is traditionally characterised by weaknesses in terms of structural changes in agriculture, the drop in employment and poor traffic connections. The region's potentials lie in the use of the good Eifel image, in its European orientation and in co-operation between agriculture, the retail trade and tourism.

A jointly defined regional objective was to focus a regional development strategy on the typical Eifel cultural landscape as habitat, working and living location and as a recreational and holiday region. The aim was to promote regional identity and define a new quality of life for its rural citizens. A brand was established and rural tourism schemes designed to market quality products and services from the Eifel. In addition, the production of energy from regenerative sources was promoted to contribute to income diversification. As part of *Regionen Aktiv*, a regional Eifel brand is being developed and realised to market various products. The chief task involves defining and broadly anchoring quality criteria in a number of sectors, primarily in the areas of agriculture, forestry, crafts and trades and tourism. The aim is to use regional products combined with the Eifel image to generate higher added value for the region as a whole and particularly for the producers. Today, the shopping basket of the Eifel regional brand holds 35 typical products. These include not only typical agricultural products such as sausage, cheese and eggs, but also fine spirits and honey and even timber and furniture. The brand was expanded successfully to include tourism services at the end of 2004 and beginning of 2005 as restaurants and hotels joined a system for quality assessment.

Rural development is also about making good use of the “raw” material that can be provided by natural resources often abundant in German rural areas. Great potential is found in the energy production sector particularly in terms of renewable energies. The increasing cost for energy and the risks of nuclear energy production dominate the public discussion. Germany has become one of the worlds leading countries in renewable energies. Growing export shares (wind, solar) and the increasing substitution of fossil energy by renewable energies have opened new economic opportunities. Despite the ongoing extensification in agricultural land use, an increasing share of farmland will further be used for the production of biomass. In some areas farms will change from food production to energy production. In addition to employment and income effects on farm level this process increases regional GVA since parts of fossil energy inputs will be substituted by regional energy production. Some rural counties will strengthen their profile as “energy regions” with effects on regional employment (new enterprises in engineering sector, servicing, etc.) and regional image.

The support schemes for energy crops and on-farm energy production are linked with recent energy and climate policies. Priority is given to increasing the use of renewable energies with wind power and bio-fuels playing a major role in the process. The 1999 “green tax” reform supports the shift in energy supply systems by raising the price of conventional fuels and making bio-fuels more competitive by exempting them from the higher taxes on mineral-based fuel. Other policy initiatives introduced in 2000 are the Renewable Energy Law and the Market Introduction Programme for Bio-fuels and Lubricants. These policy changes have been effective in boosting the production and use of bio-fuels. As a result, sales of bio-diesel have increased from 5 000 tonnes in 1993 to an expected 1 million tonnes in 2005 (UFOP, 2004). The number of public petrol stations offering bio-diesel in Germany has increased from 251 in 1994 to about 1 900 in 2005. In 2004 energy and industrial crops were cultivated on 1 048 million ha (nearly 9% of arable land) involving an estimated 20 000 farms. A similar boost has been registered in farms engaged in on-farm energy production such as windmills and bio-gas plants (Knickel, 2006).

An effective strategy in this domain should include the support of research, development and marketing measures. In view of the current extensive production of such products, plant production for pharmaceuticals and cosmetics can also bring substantial benefits to rural areas and provide additional income for the rural population if properly linked to local development strategies that integrate environmental concerns (Schubert and Todt, 2000).

3.2.3. Modernising service delivery in rural areas

Departing from the explicit commitment to providing equitable living standards in the German constitution, the German government faces two key challenges:

- *The economic sustainability of service delivery giving out migration and ageing.*
- *The improvement in the quality of services in key sectors such as health and education.*

In all OECD countries there are growing expectations of higher levels and a greater mix of public services. This reflects growing wealth and an increased reliance on the public sector to provide services. In urban areas the increased service load is certainly expensive but the unit costs of service delivery are manageable because of a relatively high population density and sufficient demand to allow services to be provided efficiently. In rural areas not only is the population spread over a large area so density is low but the total number of residents is small which leads to high unit costs. Moreover (as discussed in Chapter 1) in many rural areas, including much of rural Germany the demographic structure contains a larger than usual proportion of very old and very young, the two age groups that have the highest demand for public services.

Historically little attention has been paid to finding innovative ways to deliver public services in rural areas. In part this has reflected the ability of national and *Länder* governments to absorb the higher costs. In part it has reflected rules and regulations that have specified delivery mechanisms that are more appropriate for urban centres. Now however, tighter budgets and rising costs are drawing into question the ability to continue to fund the existing delivery mechanism. If services are to be provided so there is an equivalent standard of living there has to be considerable innovation in developing more appropriate ways to deliver them. In particular three major service types require innovations in rural areas. These are health care, education and transport.

Firstly, access to high quality health care is a crucial element of good rural environment, but it is increasingly difficult to provide comparable access in rural areas to the level of health care in urban centres. Obviously urban centres can support tertiary care facilities while in many rural places it is difficult to maintain a primary care hospital. Distance is also a major factor affecting the quality of rural health care. Rural residents are not only more likely to be engaged in occupations with higher than average rates of accidental injury they are also more likely to have accidents considerable distances from healthcare facilities. In Germany, the combination of an ageing and shrinking rural population is making it more expensive to maintain traditional health care facilities. While ageing persons represent a higher than average per capita demand, the size of the population is often too small to operate a traditional hospital efficiently. Nevertheless ready access to health care is essential,

especially for the older residents. The ageing of German rural population should not be regarded solely as a challenge but also as bearing opportunities for economic development and job creation in those rural areas that will be able to meet solvable demands for services to the elderly.

Secondly, it is well accepted that investments in improved education are crucial for the future economic growth of OECD countries (see the previous section on innovation and business development). Most jobs now require both a higher level of formal education and more occupationally related training than in the past, which places those with inadequate education in jeopardy. Germany has historically had both a strong formal education system and an excellent system of providing occupational training. With a shifting mix of jobs these systems may require modification to better serve the needs of younger, rural generations. Especially in rural areas the mix of future career options is likely to be quite different than were common in the past. Employment in traditional sectors like manufacturing and agriculture are shrinking yet these sectors have long been the main focus of training. In particular if the local rural economy cannot provide sufficient employment opportunities for its young people, it is imperative that the school system adequately prepare them for a career elsewhere. This may require a shift in educational approaches and innovations in teaching methods.

Thirdly, in a global economy good transport systems are vital to connect rural areas to the rest of the world. While most transport infrastructure is publicly provided so profit motives are not central it is clear that the costs of providing transport infrastructure are significantly higher in rural than in urban areas in terms of per capita outlays. Some forms of transport infrastructure are too expensive to contemplate in rural places. This includes most forms of mass transit and airports. While buses and trains continue to connect almost all rural places in Germany, the level of rider-ship is falling in some places to the point that ongoing service cannot be easily justified. For many rural residents a car provides an alternative to public transport but this is too expensive an option for others, who would be left stranded by the withdrawal of public transit.

German policy makers at both national and Länder levels have recognised the urgency to take action in order to cope with these challenges. The 2003 resolution on “Securing and developing public services against the background of demographic change” was endorsed by the Conference of Länder Ministers of Regional Planning (MKRO). A remarkable effort was done with the “Demonstration Projects of Spatial Development” (MORO) carried out by the Federal Ministry of Transport, Building and Housing during 2001-2004 in order to test solutions to rural service delivery. As a result innovative projects were developed across German rural areas, these included:

- innovative rural education programmes and vocational schools;
- rural medical care programmes and “doctors networks”;

- integrated basic care through “village centres”;
- joint public transports and bus network optimisation;
- organisational innovations in water supply and sewerage services.

However, the strategic provision of services through innovative place-based approaches is still an exception in most German *Länder*.²

To address these problems, many OECD countries are adopting place-based approaches, service delivery innovation and resource pooling to meet that obligation and find acceptable solutions to equity-efficiency trade-offs. Innovative initiatives for service provision in rural areas have come from national and sub-national governments across the OECD and can provide useful examples for Germany. Service points for public and private services and goods are one common strategy. These fixed service points offer people and businesses in rural areas access to key basic government, financial and other goods and services with the aim of meeting equity obligations while also enhancing the quality of life in rural areas. Service points come in various forms, such as rural transactions centres, one stop shops or multi-service centres (see Box 3.6).

When a permanent service point is not possible, mobile service facilities can be used in sparsely populated rural areas (such as mobile shops, libraries, banks and itinerant health care workers). These facilities can be expensive to run but are effective in reaching remote areas. In addition to these combined service points, other innovations include creative resource sharing. For example in Finland, the ICT infrastructure of a biological research station owned by the University of Helsinki in remote Lapland is used to facilitate language instruction to this region lacking sufficient teachers and resources. Another mean to provide public services to rural people is also to help rural people get to where the services are. In the United States, the government introduced in 1998 the Job Access and Reverse Commute (JARC) programme (for more information on the impact of the JARC programme see www.ers.usda.gov). JARC's aim is to transport recipients of Temporary Assistance for Needy Families (TANF) and other low-income rural residents to jobs, training programmes and other social services. JARC also supports development of transit services in new areas by complementing the transportation assistance from service agencies, such as those providing education, health care to rural residents. There are countless other innovations across OECD countries.

Germany could seek a more cost-effective provision of public services to rural regions by enabling greater co-operation and resource-sharing within particular areas, among both public and private providers. Public-private partnerships could also be fostered as a tool to mobilise capital for both infrastructure and service provision. In general, service provision will find solutions that are best adapted to the needs of rural citizens within strategic local development plans which will be able to integrate different sectors and to involve public, private actors as well as NGOs.

Box 3.6. Meeting public service delivery needs in rural areas

Throughout the **United Kingdom**, service provision in rural areas is a critical rural policy issue, especially since the mid-1990s. In 1995 the government published a White Paper on Rural Scotland, which was followed by the establishment of the Scottish National Rural Partnership. In October 1996 it published its Rural Services Charter Checklist. This report stressed that “rural communities expect to receive the same high quality services as their urban counterparts”. However, the Checklist did not cover all services. Then in November 2000, the Labour government also recognised the importance of rural service provision in its Rural White Paper for England “Our Countryside the Future: A Fair Deal for Rural England”. Within this the government stated its commitment to “fair access to rural services”. The White Paper also committed the government to review the rural services standard on an annual basis. This sets out the levels of access to rural services which rural communities can expect to achieve. The new Scottish Executive from 1999 onwards has also placed service provision as a key policy issue in its rural development strategy, as discussed in *Services in Rural Scotland* (2000) and *Implementing Services in Rural Scotland* (2002). Finally, in December 2004, the Executive announced its commitment to improving rural service accessibility and quality in the most disadvantaged and remote rural areas by 2008.

Australia instituted the Rural Transaction Centres (RTC) programme to help small communities establish locally run and self-funding centres that either introduce new services or bring back services that were no longer available in rural towns. Recently, the Rural Transaction Centre (RTC) programme has been integrated into the Australian Government’s new streamlined Regional Partnerships programme. Since its introduction in 1999, over 200 RTCs have been approved for assistance under the programme. An RTC programme field consultant assists in an initial community consultation and feasibility study. The RTC is therefore tailored to meet community needs but not compete with other planned services, and usually includes: financial services, postal and telecommunications access, federal state and local government services, insurance and taxation, printing and secretarial capacity. These centres employ from one part-time employee to four full-time staff. Funding from the central government covers the capital costs of establishing a RTC and subsidises its operating costs during its early years of operation, if necessary.

In **Scotland (United Kingdom)**, the idea of a one stop shop has been applied in a wide range of fields of service provision, including education, social work, public services, information, business support and community services. A recent study on ten one stop shops in different rural contexts of Scotland found that: they are usually viewed positively by providers, staff and clients; they usually provide new or better services and make them more

Box 3.6. Meeting public service delivery needs in rural areas (cont.)

accessible; and sometimes they tackle very difficult cross-cutting areas – such as those of social deprivation, youth, and provision of services in remote and scattered communities – which would otherwise not be dealt with by the existing service providers. They are therefore helping to join-up government and other providers on the ground. The study also found that a number of important issues need to be considered in the design, layout, location, financing and staffing of one-stop shops, and that community involvement and ownership is vital from the start.

In **Canada**, the Quebec Ministry for Health and Social Services will take into account the specific nature of the needs of rural areas in its orientations, policies and programmes and the planning and organisation of its services on the territory. For example, it seeks to ensure access to basic services on all local territories through family medicine groups, front-line services and locally available services. It also strives for a resource allocation process that is fair in relation to the needs of rural populations. The ministry seeks to foster home-care support for the elderly, thus contributing to local economic growth. Young people experiencing difficulties are entitled to receive locally the appropriate psycho-social services. Because some services are simply not feasible for all rural areas, the ministry seeks to guarantee rural populations better access to specialised and supra-specialised services through a better allocation of medical staff and better travel arrangements for people who need services in urban centres. To support residents from outlying areas, an increase in the number of admissions into medical schools includes a reservation of places for students from outlying regions. Finally, to ensure that pre-hospital emergency services are properly provided in rural areas, agreements are reached with municipal associations to make first-responder services available.

In **Finland**, Enontekiö (population 2 000), is located in the Fell Lapland sub-region but lacks sufficient resources for language training. The municipality is home to Sami people, with teaching Sami language in school involving only a small number of children and few skilled teachers readily available. Other pupils and students also learn the Sami language in Helsinki. Bringing these groups together by video and Internet-based co-operation has made the delivery of this service more viable, while offering adequate availability of quality teaching resources. This co-operation has been mediated by the University of Helsinki, which operates a biological research station in Enontekiö, well equipped with ICT facilities. This programme, in place since 1994, has since been used by at least one other municipality.

Source: OECD (2006b), *The New Rural Paradigm: Policies and Governance*, OECD Publications, Paris.

3.3. A new governance for German rural policy

The problems emerging from the analysis of the governance of rural policy in Germany highlight the need for reforms across the three key governance dimensions (central, vertical and local) that are discussed in the following sections.

3.3.1. Central level: leadership, co-ordination and rural proofing

The federal level has important functions to play in the field of rural policy for at least four reasons: firstly, it is the principal actor that has to implement the constitutional obligation towards equitable living conditions across Germany; secondly, it is the level that is best suited to foster coherence of sub-national strategies; thirdly, it can provide a strategic link between international and trans-national trends and negotiations and local strategies; fourthly, it is well placed to facilitate cross-fertilisation of good rural development practices across the country.

Chapter 2 has highlighted a number of problems in terms of federal governance of rural policy. Among them a not sufficiently clear and recognised vision and leadership over rural policy and insufficient co-ordination between traditional agricultural policy (farm investment support, land consolidation), new rural development approaches (diversification, integrated rural development planning), regional policy (improvement of infrastructure, firm investment support), and policies without explicit regional targeting but with distinct regional impacts (innovation policy, provision of basic services). **Three main priorities** for action in central level governance can be identified.

1. Establishing a clear leadership and coordination over rural policy

*Rural development policy is by definition cross-sectoral and thus requires an integrated approach and thus strong co-ordination of different government and non-governmental actors. This may conflict with the fact that very often responsibilities for rural policy fall entirely under the sphere of Ministries of Agriculture. Two key questions arise across OECD countries at this regard: could there be benefits from establishing a clear leadership over rural policy by for instance creating an *ad hoc* ministry or national agency or by integrating these responsibilities within a body in charge of regional policy? Could cross-sectoral coherence be provided by more flexible forms of co-ordination such as a rural policy committee without a formal leadership by any of its members? A “one-size-fits-all” approach to these questions doesn’t exist. A solution is to be found according to the specific political, institutional and administrative characteristics of each country.*

Some useful indications come both from within the country and from other OECD countries. Recent Länder reforms show interesting changes in the way in which public action is organised in this field. There are several Länder in

which the Ministry of Agriculture has been integrated into other ministries or merged with other ministries into a new one in the attempt to widen the perspective for rural policy and facilitate cross-ministry coordination. Interviews carried out during the study missions across Germany highlighted the innovative character of these reforms and at the same time the fact that they may exacerbate the asymmetry between different ways of organising administrative structures dealing with rural policy across different tiers of government. Notable examples of recent reforms include:

- In Hesse, the former Ministry of Agriculture has been amalgamated (in multiple steps) with the Ministry of Environment, the Ministry of the Interior, the Ministry of Economics.
- In Baden-Wuerttemberg the Ministry of Agriculture was pooled together with the Ministry of Environment.
- In Rheinland-Pfalz already the Ministry of Economics, Agriculture, Traffic and Viniculture assumes a broader perspective of rural development activities.

Various innovative options for the co-ordination for rural policy are found across OECD countries. This can range from a special unit reporting directly to a head of government or parliament, an integrated ministry to address several issues of importance to rural regions or more flexible forms of inter-ministerial co-ordination committees. Similarly to what could be the case for Germany, a re-organisation of the national level is taking place as the consequence of an acknowledgement of the cross-sectoral nature of rural development and of the fact that some sub-national governments already move in this direction. In Spain for instance, the current efforts to design new co-ordination mechanisms at the national level are in line with innovations within *Comunidades Autonomas* like it is the case for Extremadura which has already created a Ministry for Rural Development. The recent replacement of Germany's Ministry of Agriculture with the new Federal Ministry for Consumer Protection, Food and Agriculture could be considered a first step in the same direction.

Whatever solution is chosen it should be able to respond to the following characteristics resulting from the observation of practices across the OECD. A body in charge of rural affairs should:

- be able to act as a *super partes* actor and thus be entitled to contribute to the co-ordination of sectoral ministries;
- be in the position to ensure a strong co-ordination with regional policy and urban policy;
- have own financial capacity;
- broaden the scope of support for rural to a "whole government" perspective;
- create a climate of support for rural and legitimise rural concern;

- make a clear distinction of rural from agriculture and help to re-engage the two in a positive, mutually supportive relationship.

The Finnish experiences provide useful indications for Germany. Finland's first multi-year Rural Policy Programme began in 1990 to draw attention to the specific needs of rural areas and integrate these into central government decision making in different sectors. The body in charge of doing this is a large committee with a cross-sectoral focus. The Ministry of Agriculture and Forestry hosts a 21-member committee representing nine ministries and several other organisations. The Deputy Secretary General is the Minister for Regional Development and Municipal Affairs. Between 10 and 15 theme and work groups address a wide range of issues such as tourism, communications, welfare services and urban-rural links. Over 50 staff members from various organisations serve as part-time secretaries (see also OECD, 2006a). Their tasks are outlined in Table 3.3.

Table 3.3. **Tasks of the Finnish Rural Policy Committee**

• Promote co-operation in rural policy • Design and implement the Rural Policy Programme and assist government in drawing up the Special Rural Policy Programme • Prepare means to promote rural policy programmes and objectives • Prepare actions to improve rural entrepreneurship and employment • Promote the creation of network projects which cross thematic and regional boundaries in key sectors that take advantage of EU funds and objectives	• Reinforce operative basic structure of the countryside and rural research and know-how • Prepare statements on rural policy across administrative sectors and for rural policy issues • Develop joint services for rural areas for forms of reorganising services • Launch programme and project activities that increase the interaction between urban and rural areas and control migration in co-operation with urban policy actors
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Source: Finland Ministry of Agriculture and Forestry and Ministry of the Interior.

2. Rural proofing of sectoral policy

The authority in charge of co-ordinating rural development policy should exercise a strong role of rural “policy proofing”. This is a key point if rural policy is not to be narrowly confined to programmes that are explicitly targeting rural areas. These programmes (such as LEADER or *Regionen Aktiv*) introduce very relevant methodological innovations but, due to their “niche nature”, don't have a substantial nation-wide impact. Rather, rural policy is mostly about co-ordinating and rural-proofing sectoral policy and thus limiting negative unintended effects and capturing benefits of non-territorial policy on certain types of regions. The rural proofing of sectoral policies such as economic, social, environmental transport and energy policies could bring great benefits to the sustainable development of German rural regions.

Currently, within the PLANAK (GAK) the federal ministries involved should check whether federal sectoral measures contribute to rural development. However, the one-sided agriculture related orientation of the current

framework forms an obstacle. The integration of representatives from other sectors into the decision-making process would facilitate a higher degree of rural orientation (e.g., enlargement of the PLANAK with experts from non-agricultural ministries). Rural proofing should not be limited to sectoral policies but also cover the broader impacts of regional policy and urban policy which are at present designed and implemented in relative isolation. Useful indications as to how to establish effective rural proofing mechanisms come from both the Canadian and the UK experiences.

Box 3.7. Canada's "rural lens" and UK's "rural proofing"

In Canada, a "rural lens" approach to policy proofing was established at the end of the 1990s: accordingly all new policy developments were subject to a form of "rural policy impact assessment". As Canada developed its institutions to serve a rural policy, several more components were put in place in 1998. "A Rural Lens" with a checklist of considerations was initiated to determine if a policy or programme addresses priorities for rural Canada. The checklist of considerations is as follows (Government of Canada, 2005a):

- How is this initiative relevant to rural and remote Canada?
- Is the impact specific to a selected rural or remote environment or region?
- Have the most likely positive and negative effects on rural Canadians been identified and, where relevant, addressed?
- Is the initiative designed to respond to the priorities identified by rural Canadians?
- Have rural Canadians been consulted during the development or modification of the initiative?
 - How is the benefit to rural Canadians maximised (e.g., co-operation with other partners, development of local solutions for local challenges, flexibility for decision making)?

In addition to asking these questions, the Rural Lens unit disseminates information based on a series of ongoing consultations called the Rural Dialogue in which Canadians offer their views on rural issues and priorities.

In the United Kingdom the "rural proofing" initiative introduced a horizontal rural "check" across central government departments. The Government's Rural White Paper (2000) obliged departments to put a mechanism in place through which policy design and implementation were systematically checked for their impact on rural areas, and to take action to mitigate adverse impacts where appropriate. The process has served as a mechanism for inter-departmental co-ordination in a similar way to the "rural lens" approach in Canada. Knowledge and interest in rural proofing has spread from the central government and it is becoming a tool for analysing and improving rural services among local authorities, by making more public sector bodies aware of rural issues.

Source: OECD (2006b), *The New Rural Paradigm: Policies and Governance*, OECD Publications, Paris.

3. A new legal framework for rural development policy?

In order to move towards integrated rural policy, away from the present sectoral approach it may be useful to also consider to refine the current legal framework for rural policy. As discussed previously, the current distribution of responsibilities over rural policy still rests on a legal framework developed in a very different context. The actual and potential role of rural areas has changed considerably since then. Several OECD countries confronted with a similar situation are considering the development of a new legal framework which can allow rural development policy to embrace a broader approach and clarify the responsibility over rural issues as well as co-ordination and rural proofing mechanisms.

Several OECD countries are moving in this direction. A notable example is represented by Spain which at the time of writing this report is discussing a new law for sustainable development of rural areas that introduces significant changes in the country's approach. The Spanish initiative is part of a broader effort to adapt the country's legal framework and make sure it supports an integrated approach to rural development and facilitates both a wider participation at the national level and easier vertical co-ordination. A similar approach is found in the Mexican *Ley de Desarrollo Rural Sustentable* (Law for Sustainable Rural Development) passed in 2002 (see OECD, 2007b).

3.3.2. Vertical co-ordination: developing incentive and evaluation mechanisms

Co-ordination and governance between the top and the bottom is a particularly challenging task for governments and has great structural barriers to overcome. The main questions are whether and how actors manage to cope with the need for vertical co-ordination, and which role actors from different levels should play in the design and implementation of rural development policies. Among the key issues to be addressed by multi-level co-ordination in support of place-based rural development are the following:

- What multi-level co-ordination mechanisms work best?
- What administrative skills are required by increased co-ordination between the top and the bottom?
- How do financing mechanisms influence vertical governance mechanisms?
- What are the most appropriate incentive, monitoring and evaluation tools?

Within vertical relations between the supra-national and local levels an increasingly important role is played by the “intermediate level”. In the more decentralised countries, such as Germany, regional authorities have been assuming a lead role in several areas. Their role is key in the selection of local plans and monitoring on their implementation. As a result of a reinforced

intermediate institutional level, the role of central government bodies should focus on enabling political and regulatory environment for rural policy. In this context, central governments should be equipped to establish the overall strategies, priorities and legal framework for rural policies while evaluating the policy coherence of programmes at the national and regional level. In Germany, translating into practice the role of “enabler of vertical co-ordination” of the federal government requires progress in at least **three areas**:

1. *Reforming the GAK and the GRW.* A more effective vertical co-ordination of rural development policy in Germany involves necessarily rethinking the role and functioning of the GAK and the GRW Joint Tasks. These two Joint Tasks should be revised to take into account the important changes that have occurred since their creation. However, the extent and speed of necessary changes remains unclear so far. For instance, the GAK could be developed to a Common Task of sustainable rural development, or both Common Tasks could be merged into one Common Task for regional development. This last solution would go in the direction indicated by the OECD Working Party on Rural Areas which stressed the importance of finding ways to integrate rural and urban policy with regional policy. A first important step for this discussion would lie in opening up the specific planning commissions (PLANAKs) to a wider set of rural and non-rural actors.
2. *Incentives and evaluation mechanisms.* In contrast to the strong changes in the rural world (demography, global changes in the environment, urbanisation processes, etc.) the financial base of rural development policy to cope with them is modest. As discussed in earlier sections, rural development policy in Germany is still highly agriculture-based. As a result, and in spite of recent changes, 80% of farm subsidies continue to be paid as area payments and export subsidies while 40% of these payments are received by only 3% of German farmers (Ribbe, 2002; Nienhaus and Knickel, 2004). As long as the main focus remains directed to agriculture it will be difficult to devote more resources to wider and more integrated rural development policies.

It is important however that the discussion not only be about the “quantity” of financial resources devoted to rural development policy but also “how” these resources are transferred and spent. Inter-governmental grants serve as an important vehicle for managing the vertical relationships involved in the financing and execution of policies and programmes in rural regions. A number of tools can be used to reward or sanction behaviour that deviates from the intent of the grant if effective monitoring and performance indicators are used (see Table 3.4.). As discussed in the OECD publication *The New Rural Paradigm*, good practices stress the potential of tools like financial incentives (performance funds) and monitoring and evaluation techniques and systems. Best practices for central governments, that often provide funding for programmes, through intermediate levels, are oriented

towards a system of financial incentives as well as reward mechanisms based on reinforced monitoring and evaluation to stimulate “virtuous competition” at the sub-national level. Traditional evaluation mechanisms include reporting, programme review, and cost-benefit analysis. The evaluation has to be a function of the objectives set in the original contracts. Targets and performance indicators (both quantitative and qualitative) should thus be established in a way that allows the effectiveness of local government actions to be judged with fairness and homogenous standards. To allow for flexibility in this competition, central governments could emphasise strategic rather than constrained programming. Examples of such vertical arrangements include the *Contrat de plan État-régions* in France, Institutional Agreements in Italy, European Structural Funds, and the Pluri-annual Plan in Germany.

These tools don’t seem to be sufficiently used in Germany. Lack of monitoring data on trends and policy impact in rural areas as well as heterogeneous data collection across the Federation, are the most frequent problems found both in the study mission and in the literature on the evaluation of German rural development measures (Ortner, 2004). If these obstacles are removed, more and better incentives and evaluation could play a significant role in soliciting strong performances while improving rural development policy effectiveness.

Table 3.4. Multi-level government contractual arrangements: advantages and challenges

Advantages	Challenges
• Link regional and national policies • Contribute to local capacity building • Perform a legitimisation function	• High transaction costs for negotiation and execution • Proliferation of contracts in user countries • Central level governments hesitant to give up their prerogatives
• Address institutional fragmentation • Stabilise inter-governmental relationships over a longer time frame • Share burden of large and complex projects and programmes not possible for a single government	• Potential for rigidity when change may be needed • Bias towards capital grants • Evaluation procedures not well-thought out in advance
• Share political risk	• Often a power bias towards upper level governments

Source: OECD (2005a), *Building Competitive Regions: Strategies and Governance*, OECD Publications, Paris, France.

Monitoring and evaluation serve to ensure the effectiveness of policies overall as well as to provide an important “field” for discussion across different tiers of government. Different methods are used both *ex ante* and *ex post* for refining policy design and implementation as well as to ensure the accountability of public funds.

The use and choice of appropriate indicators for monitoring and evaluating place-based rural development have been discussed in the context of two main problems (Barca, et al., 2004). First, there is an “incomplete information framework” problem where the knowledge needed to develop quantitative and verifiable measures for the policy objectives is partly held by those implementing the policy and partly produced by implementing the policy itself. The second problem is the causality case where establishing the link between actions and objectives is hard to establish. In either case, using flawed indicators to hold policy implementers accountable is unproductive. Good indicators must therefore meet several requirements:

- They should have unambiguous measures of strengths or weaknesses of an area that are available across all units or regions being observed in a timely fashion and in a time series.
- They must be complete with regard to the issues being evaluated.
- The quality of the data must be uncontroversial and reliable.
- They must guarantee trust by all actors in the data source and the method of data collection especially when results are being used for a form of sanction or reward.

An example that can be illustrative for Germany comes from the Italian experience with evaluation of rural policy. In Italy, with respect to the EU Community Support Framework (CSF) 2002-2006, indicators of territorial policy progress were implemented in two different ways which they describe as “soft” and “hard” respectively. In soft applications, indicators are used *ex ante* or *ex post* to measure final objectives and are usually broad context indicators to assess effectiveness across multiple territories. However, because of their limitations, the indicators cannot be used for sharp evaluation of the performance of policies or those who implement the policies. Hard applications of indicators are thus usually used to measure intermediate objectives of policies where a particular intermediate achievement, such as establishing a particular institutional arrangement, is a *sine qua non*, fully measurable, condition for achieving the policy objective. The combined use of soft and hard indicators can improve the effectiveness of both *ex ante* and *ex post* evaluations and help develop over time a “culture of evaluation” whereas evaluation provides an opportunity for actors at different levels to jointly assess how well they are doing and how the effectiveness of their actions can be improved.

3. *Administrative capacity to improve vertical arrangements.* One factor that greatly influences the efficiency and effectiveness of Germany’s vertical co-ordination of RD policy is administrative capacity. At the central level, the capacity building needs are twofold. First, the skills required for effective rural place-based policies necessitate a paradigm shift from sectoral approaches and clear-cut hierarchical relationships. On the local level,

actors need to learn how to manage a new responsibility sharing role and to collect, share and use knowledge effectively. Finally, in Germany, public sector capacity is particularly important at intermediate/vertical levels of co-ordination (*Länder*) because that is where many opportunities for governance failure are found.

Large numbers of programmes, each with different and complex requirements, whether from the region, the central government, from the EU or other public or private sources generates a great demand on staff to understand the multitude of institutional rules and regulations. On the one hand administrations are often unwilling to strengthen local/regional participation in the implementation, especially at the level of the *Bundesländer*. From their point of view the local/regional level can hardly cope with the complex demands of the regulations. This aspect is of importance when looking at the resistance towards introducing these types of policies *vis-à-vis* traditional, automatic transfers. On the other hand other actors with little experience in the use of public resources, such as many nature conservationists or regions with lower administrative capacity, are disadvantaged. This can increase disparities between interest groups and between lagging and leading regions. In Germany, it is clear that the different financial capacity of the 16 *Länder* may cause increasing disparities in rural and regional development within the country.

One additional issue to be addressed is the resistance of local and regional authorities to establish professionally operating regional managements. Regional Management teams have become a part of social infrastructure of a region and form an essential base for self supporting development processes (as shown by experiences with LEADER, *Regionen Aktiv* and INTERREG). Despite their positive impact, *e.g.*, on mobilisation of rural population, investments, acquisition of new experiences and skills, employment, etc., the level of acceptance of these new institutions in addition to existing authorities is low in large parts of Germany. Questions of political legitimacy also play a role as the fear of existing bodies to become obsolete or to be forced to explain lower efficiency emerge.

The difficulty of adopting an integrated, more strategic rural policy can also translate into what has been defined in some OECD countries as “partnership fatigue”. This relates to the bureaucratic overload and over-commitment that is frequently reported by local actors engaged in this type of policy. A 2005 OECD case study on rural policy in the Tuscan Provinces of Grosseto and Arezzo (Italy) has highlighted the complex mix of actors and measures that can derive from a proliferation of planning instruments available in the same territory. The Tuscan examples shows the importance that in a similar context play local capacity and social capital as conditions that enable the

co-ordination of numerous actors that play different roles in the different partnerships in which they participate.

Federal and Länder governmental actors can play a key role in developing local partnerships, as they are able to build on and bring together their existing networks of contacts and institutions, and to negotiate between these institutions and local residents and businesses. On other occasions, governmental actors can obstruct such processes. Local difficulties in adopting approaches that require more co-ordination with other levels of government is related to the complexity of national, supra-national and regional agency responsibilities, powers, and restrictions that are often confusing for local agents seeking to build an integrated strategy for rural development. Fragmented decision making and management at central levels and a “silo mentality” of federal and intermediate sectoral authorities create additional serious problems at the local level.

3.3.3. Intermediate and local levels: increasing participation and integration of RD programmes

As discussed in Chapter 2, while the federal state has a broad influence on the general direction of rural policy, the *Länder* are responsible for the detailed design of policy measures. The *Länder* has thus a high degree of autonomy in designing and implementing RD policies. They define operational objectives and they decide upon financial planning which is at the basis of co-financing from the EU. The key role of the *Länder* is clear and undisputed. As noted before, concerns regard the actual participation of lower levels of government and local actors in RD policy design and implementation.

A major criticism of both GAK and GRW approaches is that the resulting policies are inherently top-down in nature. Policies are largely developed by a consensus between the national and *Länder* levels of government. Beyond this the EU has a significant influence, larger in the case of the GAK. What is missing is a strong and broad participation of local/regional institutions in the preparation and implementation of measures. This is particularly important in Germany because the national government is precluded from direct delivery of most programmes. This means that once the GAK and GRW policies are established there is little communication between the actors that design and the actors that implement the policy. In this situation it would seem particularly useful to find a mechanism to link sub-national governments to the policy development process.³ A general problem exists within the complex German federal system: a high degree of decentralisation but at the same time competences for rural and regional development that often find a “border” at the level of the *Länder*.

Local participation has been considerably fostered by programmes such as LEADER and Regionen Aktiv and a key aspect is thus, if and how to mainstream

these approaches. While research is still not conclusive on the impact of partnerships in terms of jobs created, businesses supported or services provided, they have significant measured impacts in terms of capacity building, community involvement, innovation and integration of development initiatives. In short, the research shows that these types of partnerships play a key role in preparing the ground for long-term sustainable development (Moseley, 2003). As in other OECD countries, there are several factors that have a significant positive influence on the effectiveness of partnerships impacting rural development (see Table 3.5.).

Table 3.5. **Factors for effective partnerships**

Level of effectiveness	Factor
Very high level of influence	• Competence and commitment of partnership staff. • Successful mobilisation of local knowledge about the needs/resources of the area. • Decision making being exerted at the local level.
High level of influence	• Sectoral heterogeneity of the partners. • Involvement of one or more key actors with leadership skills. • Manner that the partnership was originally initiated. • Networking activities of the partnership.
Influential	• Community participation achieved by the partnership. • Independence/neutral status of the partnership. • Diverse background/skills of the people representing the partnership organisations. • Joint planning undertaken by the partnership
Limited	• Limited legitimacy or democratic accountability. • Over-representation in the partnership of the local elite or establishment. • Excessive focus on project delivery and on spending the money rather than on the strategic pursuit of a coherent programme of integrated development. • Excessive focus on the short term. • Failure sufficiently to address social exclusion and to seek fuller involvement of a wide cross-section of local society. • Insufficient transparency in the partnership's operation. • Diversion of energy into the pursuit of continuation funding.

Source: Moseley, Malcom J. (ed.) (2003), *Local Partnerships for Rural Development – the European Experience*, CABI Publishing, Wallingford, UK and Cambridge, USA.

Given Germany's considerable experience with such integrated local development strategies and since the mainstream in rural development policy is moving toward this type of approach, the country is well placed for its greater adoption. Moreover, integrated rural development strategies that are based upon strong partnerships between local actors and various levels of government seem especially suited to the German context.

An important discussion concerns the future of integrated rural programmes such as *Regionen Aktiv* and other LEADER-type initiatives. There are a number of arguments that support an extension and strengthening of such programmes

in Germany. First, because they have proved to work as shown by results and by strong support from local actors; second, they provide a crucial space for federal-local discussion; third, through them the federal government can effectively provide technical assistance, international exposure and knowledge of international trends and foster cross-fertilisation; four, the federal level can benefit from a two-way learning loop and know more on trends in the territory and thus better fulfil its constitutional obligations and act informed in international negotiations or federal programmes definition; five, they foster the use of local knowledge and the integration of programmes impacting on a given the territory.

According to the present proposal for the National Strategic Plan for Rural Development (2007-2013) prepared by the federal ministry (BMELV, 2006a), 5% of the EU resources are earmarked for integrated local development strategies under the LEADER approach. For the above reasons these types of programmes could be provided with more financial resources. Moreover, *the key point is that these approaches should now be mainstreamed*. The “laboratory function” should be reduced and they should be used as “ordinary” approaches to the promotion of rural development.

Conclusions

The first chapter of this report has shown that there is a great degree of spatial heterogeneity in terms of challenges and opportunities of German rural areas. The second chapter has analysed the current policy and governance frameworks for rural policy to conclude that the current German approach to rural development and rural policy is mainly sectoral and is partially ineffective in coping with the challenges that rural regions face. Based on the experience of other OECD countries this last chapter has identified a number of priorities for reform and offered a number of policy recommendations.

The implementation of these recommendations will require as a pre-condition the acknowledgement that, although appropriate at a certain moment in time, the present approach to rural policy needs profound modifications. These modifications need a broad consensus to be built in order to overcome resistances that have long impeded change in rural policy in Germany, the EU and several other OECD countries. This consensus should be built progressively and through the diffusion of well-researched, objective information to both policy makers and broad sectors of the civil society on the status and challenges of rural Germany. Ultimately, the development trajectory of rural Germany is to be seen as a matter of national concern, impacting on the future of rural as well as urban citizens.

Notes

1. Dargan L. and M. Shucksmith (2006), “Innovatory Economic Development”, CORASON Internal Working Paper, Newcastle University. The CORASON project, funded by the EU Sixth Framework programme and co-ordinated by Hilary Tovey (Trinity College Dublin) draws on work by several other partners who researched the country case studies. See www.corason.hu/.
2. See “Public Services and Demographic Change” BMVBS and BBR (2005), Berlin and Bonn.
3. This happens – to a minor extent – with the monitoring committees which at least once a year discuss the programmes development and the results of evaluations.

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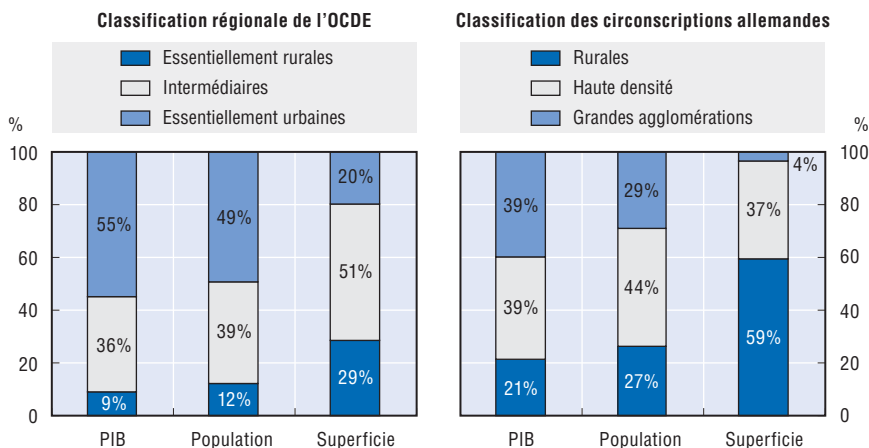
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Évaluation et recommandations

Graphique F.1. Une définition de l'Allemagne rurale



Source : OCDE (2007a), *OECD Regions at a Glance* (Panorama des régions de l'OCDE), Publications de l'OCDE, Paris, France, à venir; et calculs basés sur BBR (2005a), *INKAR: Indikatoren und Karten zur Raumentwicklung* (CD-ROM), Bonn, Allemagne.

Profil de l'Allemagne rurale : défis et opportunités

Les zones rurales en Allemagne sont généralement proches et bien reliées aux centres urbains...

Les défis et opportunités des zones rurales en Allemagne souffrent de l'importante hétérogénéité de l'espace. Alors que, suite à la réunification, un progrès considérable a été fourni afin d'intégrer les nouveaux et anciens *Länder* au sein d'une nation plus grande, il existe aujourd'hui encore des différences significatives entre l'Est et l'Ouest dont plusieurs ont une dimension clairement rurale. L'Allemagne est l'un des pays de l'OCDE les plus densément peuplés et dont la population est uniformément distribuée sur la totalité du territoire (au 5^e rang des 29 pays de l'indice de concentration géographique de l'OCDE). La moitié des habitants des zones rurales résident dans une circonscription rurale située à proximité d'une agglomération ou zone urbanisée et offrant d'importantes opportunités de liens urbains-ruraux. Plus encore, 45 % des personnes résidentes dans les zones rurales vivent dans

des circonscriptions rurales dont 50 % des municipalités sont situées à moins de 30 minutes en voiture d'un centre suprarégional. Cette grande facilité d'accès est due à une structure constituée de multiples centres urbains et renforcée par un excellent réseau de transports.

La structure économique des régions rurales est similaire à celle des régions dites « intermédiaires » avec une agriculture en déclin et au rôle mineur...

Les circonscriptions rurales et les circonscriptions « intermédiaires » à grande densité possèdent une structure économique similaire, aussi bien en termes d'emploi qu'en termes de Valeur Ajoutée Brute. Cette explosion de l'emploi est de 5 % dans le secteur primaire, 30 % du secteur secondaire et de 65 % dans le secteur tertiaire. Contrairement aux grandes agglomérations, le taux du secteur de l'industrie (principalement de matériaux et composants) dans les circonscriptions rurales est légèrement plus élevé alors que celui des services reste nettement plus bas. L'agriculture dans les régions rurales est en déclin et n'a qu'un rôle mineur avec un taux de Valeur Ajoutée Brute de 2.9 % et une part pour l'emploi de 4.7 %, bien que ces statistiques puissent sous-estimer l'importance des liaisons en amont et en aval. La croissance nominale de la Valeur Ajoutée Brute de l'agriculture est en fait plus élevée dans les grandes agglomérations (voir Tableau F.1).

Tableau F.1. Secteur économique (Valeur Ajoutée Brute) par type de région

	Grandes agglomérations (%)	Circonscriptions à haute densité démographique (%)	Circonscriptions rurales (%)
Parts de l'agriculture, pêche et forêts dans la Valeur Ajoutée Brute en 2003	0.2	1.5	2.9
<i>Taux de croissance annuel 1998-2003</i>	<i>0.8</i>	<i>-1.4</i>	<i>-1.3</i>
Parts du secteur industriel dans la Valeur Ajoutée Brute en 2003	26.4	31.8	30.2
<i>Taux de croissance annuel 1998-2003</i>	<i>-0.8</i>	<i>0.4</i>	<i>0.2</i>
Parts des services dans la Valeur Ajoutée Brute en 2003	73.4	66.7	66.9
<i>Taux de croissance annuel 1998-2003</i>	<i>2.3</i>	<i>2.7</i>	<i>2.6</i>

Note : Taux de croissance basés sur des quantités nominales.

Source : Groupe de travail sur « les Comptes nationaux des Länder », calcul de BBR, citée par le BMELV (2006a), « Rapport pour l'OCDE : Étude de cas sur la politique rural en Allemagne », document initial, 20 mars.

... et de nouvelles opportunités dans d'autres secteurs qui redynamisent ainsi plusieurs circonscriptions rurales, principalement dans l'Ouest...

Certaines régions rurales affichent un certain dynamisme économique malgré que certaines circonscriptions font partie des circonscriptions les plus pauvres. Alors que peu de circonscriptions rurales ruraux de l'est de l'Allemagne ont enregistré une hausse de l'emploi en 2003 par rapport à 1995, ce fût le cas de deux sur cinq circonscriptions rurales de l'ouest de l'Allemagne. En ce qui concerne la création d'entreprises, des 20 premières circonscriptions répertoriées en 2004, sept sont rurales quoiqu'une seule était située à l'Est. Il existe de réelles opportunités pour un développement économique durable pour les terres à usage agricole ou non. Il existe également un potentiel pour l'exploitation de nouveaux marchés tels que les énergies renouvelables, le tourisme rural, le marketing des produits agricoles, l'entretien des paysages ruraux et les services aux personnes âgées, entre autres. La diversification économique offre de nouvelles opportunités aux foyers ruraux. L'agriculture biologique, à haute valeur ajoutée, représente une nouvelle source de revenus issus des nouveaux produits agricoles. Ainsi, la circonscription d'Uecker-Randow, située en Mecklenburg-Ouest Pomerania et qui enregistre le plus faible revenu disponible d'Allemagne, exploite activement ce potentiel et détient le taux le plus élevé de surfaces agricoles destinées à l'agriculture biologique (23.7 %). En 2004, 3.9 % de la totalité des exploitations agricoles étaient biologiques. Le tourisme rural et le marketing de leurs propres produits, sont également d'autres sources de rendements exploitées par les agriculteurs allemands.

... et contribue à maintenir les revenus ruraux proches de la moyenne nationale.

Plusieurs indicateurs de revenus des régions rurales, restent bien inférieurs à ceux d'autres types de régions mais cette différence a tendance à se stabiliser voire à s'estomper. La tendance du PNB par tête selon les régions types en Allemagne est comparable aux résultats des autres pays de l'OCDE. Les régions rurales enregistrent 80 % de la moyenne nationale du PIB par habitant ce qui se rapproche de la moyenne de l'OCDE. À titre de comparaison, ce taux atteignait en 2004, 88 % pour les circonscriptions à haute densité démographique et 136 % pour les grandes agglomérations. Les disparités de PIB par habitant entre l'Est et l'Ouest restent frappantes pour tous les types de régions. Le revenu disponible par habitant est clairement inférieur dans les

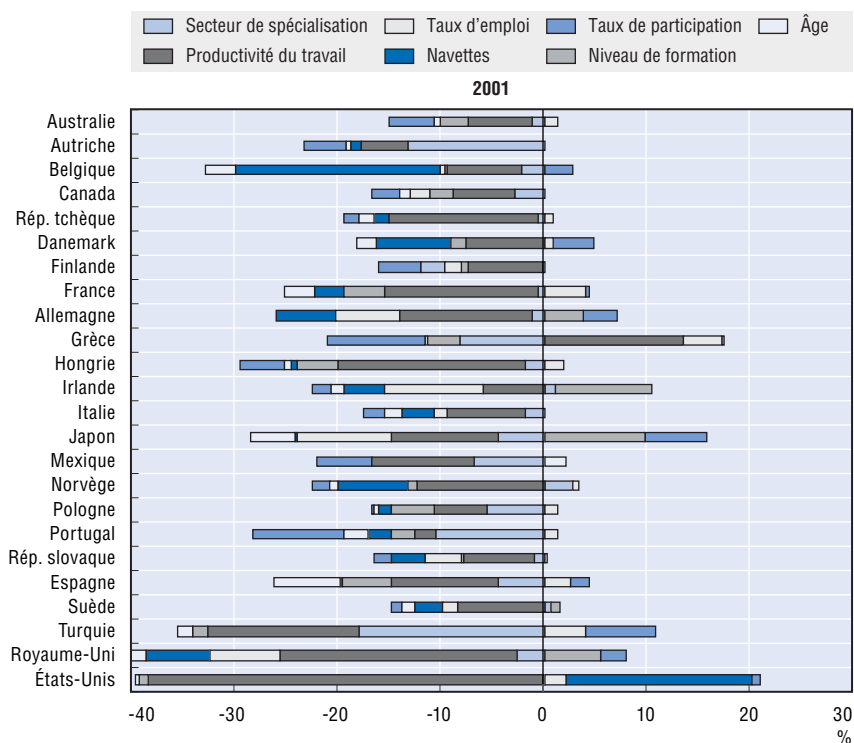
circonscriptions rurales. Cependant, leur taux de croissance annuel restait le même (2.1 % à l'Ouest) voire plus élevé (2.9 % à l'Est) que celui des grandes agglomérations.

Les régions rurales allemandes font face à d'importants défis aussi bien en termes d'emploi, main-d'œuvre qualifiée et productivité du travail...

Les taux de chômage par type de région varient entre l'est et l'ouest de l'Allemagne mais, de manière générale, les zones rurales de tout le pays manquent de main-d'œuvre hautement qualifiée. Les circonscriptions rurales enregistrent le plus haut taux de chômage à l'Est (20.4 %), bien que ce taux reste plus bas dans les circonscriptions rurales de l'Ouest que dans les zones urbaines. Alors que le nombre de travailleurs peu ou non qualifiés n'est pas radicalement différent entre les circonscriptions rurales et les grandes agglomérations, la part de la force de travail hautement qualifiée est deux fois plus élevée dans les grandes agglomérations que dans les zones rurales (10.7 % contre 4.6 % en Allemagne de l'Ouest et 15 % contre 8 % en Allemagne de l'Est). Une analyse du PIB par travailleur révèle une disparité quelque peu inférieure entre les types de régions. Les circonscriptions rurales ont un PIB moyen par travailleur de 90 % de la moyenne nationale, avec un taux de 109 % pour les villes et de 99 % pour les banlieues. Comme pour la plupart des pays de l'OCDE, une faible productivité du travail (PIB par travailleur) est la principale cause d'un PIB moyen par habitant plus faible. Les différences des taux d'emploi ainsi que les navettes auxquelles sont soumis certains habitants pour aller travailler, expliquent également ce niveau inférieur de performance prédominant dans les régions rurales en Allemagne. Ces facteurs expliquent plus l'écart que les spécialisations sectorielles ou la proportion de personnes âgées (voir Figure F.2).

... qu'en termes de tendances démographiques...

La croissance démographique dans les régions rurales de l'Allemagne étant très variable, cela donne lieu à une disparité croissante de la densité démographique. Les petites circonscriptions rurales proches des grandes agglomérations affichent une croissance démographique importante due à une forte migration (+8.4 % de 1994 à 2004), alors que les régions périphériques, à la population clairsemée, continuent de se dépeupler (-2.3 % entre 1994 et 2004). Dans les circonscriptions rurales de l'est de l'Allemagne, cette migration est d'autant plus sévère qu'elle est aggravée par un vieillissement généralisé de la population (le nombre de personnes âgées de

Graphique F.2. **Déterminants de l'écart PIB national-rural par habitant (pays de l'OCDE)**

Source : OCDE (2006b), *Le nouveau paradigme rural : politiques et gouvernance*, Publications de l'OCDE, Paris, France.

plus de 75 ans augmentera de 45 % à l'Ouest et de 75 % à l'Est d'ici 2020) et promet d'être bien plus important dans les années à venir. L'émigration des jeunes adultes des régions rurales est particulièrement sérieuse : le pourcentage annuel de jeunes de 18 à 29 ans qui abandonnent les circonscriptions rurales a été multiplié presque par cinq (de -3.7 pour 1 000 à -18.2 pour 1 000 dans cette tranche d'âge entre 1995 et 2004) (Tableau F.2 ci-dessous illustre ce problème). Alors que beaucoup de ces migrants reviennent à leur circonscription d'origine, les plus qualifiés restent installés dans les zones urbaines.

Tableau F.2. **Différences migratoires par type de circonscription administrative et âge de 1997 à 2004**

Type de circonscription administrative	Moins de 18 ans	18-29 ans	30-49 ans	50 ans et +
Grandes agglomérations	-190 600	990 700	-499 400	-340 300
Circonscriptions à haute densité démographique	318 500	62 500	352 300	115 400
Circonscriptions rurales	200 500	-237 100	226 600	233 300

Source : BBR (évaluation spatiale en cours), citée par le BMELV (2006a).

... ce qui pose des problèmes pour assurer la soutenabilité du système financier des services public dans plusieurs régions.

Malgré l'éloignement relatif de certaines circonscriptions rurales, les exigences constitutionnelles allemandes pour l'égalité de l'accès aux services publics de base sont aujourd'hui pleinement respectées. À travers tout le pays, la population a accès aux moyens de télécommunications basiques, à la santé et à l'éducation (primaire et secondaire). Il existe néanmoins quelques différences de distances d'accès à ces services et de diversité des options offertes. Ainsi, le système de santé est généralement meilleur à l'Ouest qu'à l'Est et en ce qui concerne l'accès à l'éducation, la différence se fait plus remarquable pour les études supérieures. Certains services d'intérêt général tels que les petits commerces, les services postaux et les banques commencent peu à peu à voir le jour dans certaines villes reculées. Il y a également un manque de bibliothèques, crèches et jardins d'enfants. Alors que les infrastructures basiques de télécommunications sont disponibles sur tout le territoire, les accès au haut débit restent plus difficiles dans les zones périphériques, particulièrement à l'est de l'Allemagne. Vu les modèles de peuplement actuels, les projections des tendances démographiques à venir et l'impact sur les bases d'imposition, la capacité des finances publiques de maintenir le niveau actuel des services publics devient une question majeure. Parmi la population rurale, 31 % (soit 6.9 millions de personnes) vivent dans des circonscriptions susceptibles d'avoir d'importants problèmes de maintien du niveau des services actuels. Ainsi, dans certaines régions reculées comme dans la circonscription de Mecklenberg Lake, certaines localités pourraient toujours ne pas avoir de médecin généraliste d'ici 2010 et même les centres de niveau supérieur et moyen pourraient faire face à d'importantes pertes.

En quelques mots, ces données révèlent la situation générale favorable de l'Allemagne rurale mais également sa grande diversité démographique, des résultats économiques, des atouts et de la proximité des centres urbains. La

division entre l'Est et l'Ouest néanmoins très présente sous plusieurs aspects. Quelle est donc la politique allemande d'approche afin d'aborder cette dynamique de développement si complexe et diversifiée?

Vers une politique rurale plus effective et plus efficace pour l'Allemagne

D'une part, l'approche de la politique de développement rural est principalement sectorielle et axée sur l'agriculture...

Parmi les niveaux de gouvernement, la Constitution allemande fournit, pour des dispositions institutionnelles, les dénommées « tâches communes » (Art. 91 et 104) concernant des champs politiques d'intérêt national déterminés. L'amélioration de la structure agraire et de la protection des côtes ainsi que la politique de développement régional sont organisées en tâches communes (respectivement GAK et GRW). Le cadre principal de la politique rurale allemande (GAK) offre un espace utile pour le dialogue vertical mais, malgré les récentes avancées, il est en partie inefficace pour générer une approche d'une politique territorialisée du développement rural. Le GAK se focalise sur l'agriculture et sa « feuille de route » ne semble pas avantager l'élaboration d'une stratégie cohérente et largement soutenue pour les zones rurales. Par conséquent, l'approche allemande de la politique rurale et des financements a tendance à venir compléter la politique agricole de l'UE plutôt que de participer à une politique nationale de développement rural stratégique. Bien que cette approche était justifiée au moment de la création du GAK, elle n'est aujourd'hui plus adaptée aux caractéristiques rurales actuelles de l'Allemagne. Dû à un cadre relativement restreint établi à un niveau supranational (Règlement du Conseil de l'UE n° 1698/2005), le Plan National pour le Développement Rural 2007-2013 ne comble que partiellement cette lacune.

... d'autre part, l'impact de la politique régionale sur les zones rurales souffre de sa nature compensatrice et pyramidale et de sa portée territoriale limitée.

La politique régionale développée dans le programme GRW couvre la totalité des nouvelles circonscriptions administratives (Länder) et constitue donc de facto, la politique rurale au sens large. Ses limites sont la conséquence de sa « nature de compenser », sa structure pyramidale ainsi que de son envergure géographiquement limitée. Le GRW est plus conçu comme un mécanisme chargé de compenser les désavantages structurels, qu'un outil visant à

augmenter la compétitivité et la création d'emplois. De plus, la politique de développement régional de l'Allemagne souffre d'un parti-pris croissant pour les zones urbaines et qui tend à négliger les dynamiques de développement des régions rurales. La séparation existante entre une politique régionale focalisée sur les zones urbaines et une politique rurale faible, soulève la question de la capacité du gouvernement à affronter les liens urbains et ruraux particulièrement patents en Allemagne de part sa structure géographique et démographique. De plus, l'un des défis clé qui se dégagent de l'actuelle approche politique, est celui de la difficulté que pose l'introduction d'une approche territorialisée stratégique à la fourniture de services dans les zones rurales et particulièrement celles touchées par le vieillissement de la population et souffrant du déclin démographique.

Les principales priorités pour une stratégie de développement rural efficace devraient inclure, 1) investir dans le développement d'entreprises rurales et dans l'innovation...

Cinq champs d'action prioritaires à l'adressage pour la compétitivité rurale et la cohésion sociale. Le premier étant de favoriser le développement d'entreprises et de l'innovation en fournissant les biens publics nécessaires et des politiques d'éducation et de formation territorialement ciblées. En suivant les bonnes pratiques des pays membres de l'OCDE, la logique prédominante devrait être d'encourager les investissements et la création d'emplois plutôt que les subventions et ce dans des secteurs tels que les équipements touristiques, les PME industrielles, la production d'énergie et les services aux personnes âgées. Fournir les services nécessaires aux entreprises rurales qui souvent en manquent et multiplier les programmes de développement de compétences adaptés aux besoins et opportunités des différents lieux, tels sont les points sur lesquels l'attention devrait être portée. Un élément clé étant que la politique de l'innovation doive discerner les différences entre le rural et l'urbain et s'attaquer ainsi aux barrières qui entravent l'assimilation de l'innovation extérieure dans les régions rurales plutôt que de dépendre des investissements Recherche et Développement.

... ainsi que 2) fournir un soutien au développement des équipements et de l'énergie...

Les équipements destinés à l'amélioration des paysages offrent un outil potentiellement sous-exploité de développement économique à travers le tourisme. Sur l'échelle de l'attrait touristique et qualité des paysages

beaucoup de zones situées en tête de liste sont des zones rurales : 55 des 193 circonscriptions rurales en Allemagne sont ainsi au dessus de la moyenne sur cette même échelle. Trente-trois de ces 55 circonscriptions sont d'ailleurs situées dans des régions plus vastes et faisant face à des problèmes économiques et sont sources de fortes migrations. Aucune de ces circonscriptions, n'est située près d'une agglomération. Ceci souligne l'envergure des politiques à soutenir le développement des équipements et ce, particulièrement dans les régions rurales en retard. Les sources d'énergies renouvelables présentent également d'autres opportunités pour les zones rurales dans un contexte où l'UE et la politique nationale soutiennent la demande de ce type de sources énergies.

En Allemagne, les sources d'énergie renouvelables représentent 170 000 emplois, EUR 16 milliards de revenus et EUR 4.1 milliards à l'exportation. Une part croissante de l'énergie provient des énergies renouvelables, l'énergie éolienne et la biomasse enregistrant la meilleure croissance. En 2003, 8 % des terres agricoles était destinés à la culture de matières premières renouvelables. La croissance actuelle de la production de bois dépasse celle des récoltes annuelles fournissant ainsi une source de biomasse supplémentaire. Les énergies éolienne et hydraulique sont également des sources potentielles dans certaines régions rurales. L'Allemagne possède aujourd'hui les plus grandes installations éoliennes du monde. Exploiter ce potentiel demandera une forte coordination entre les politiques énergétiques et les stratégies de développement rural afin de maximiser les emplois et revenus ruraux tout en minimisant les problèmes environnementaux.

... et 3) les services dans plus de régions reculées.

La pression exercée sur les finances publiques afin d'assurer les services commence à se faire sentir dans les zones périphériques les moins peuplées, principalement à l'est de l'Allemagne. Conséquence d'un vieillissement démographique rapide, du dépeuplement et des bases d'impositions plus basses. Les projections économiques montrent que cette tendance ne fera qu'empirer. Le maintien de tels services devrait être maintenu en modernisant les prestations dans des secteurs clés tels que la santé et l'éducation. Les politiques allemandes aussi bien au niveau des *Länder* qu'au niveau national, ont pris conscience de l'urgence de prendre des mesures destinées à faire face à ces défis. La résolution sur la « sécurisation et le développement des services publics face au changement démographique » a été soutenue par la Conférence des ministres des *Länder* pour la planification régionale (MKRO). D'autre part, un effort remarquable grâce aux « Projets de démonstration pour le développement spatial » (MORO) a été fourni par le ministère fédéral des Transports, de la Construction et du Développement

urbain de 2001 à 2004 afin de tester des solutions pour la fourniture de services aux zones rurales. Cependant, l'approvisionnement stratégique des services à travers des approches territorialisées, reste une exception dans la plupart des *Länder* allemands. En développant les nombreuses pratiques des pays membres de l'OCDE, ces exceptions pourraient être élargies à une stratégie territorialisée de prestation de services à niveau national basée sur l'innovation et les ressources communes comme moyen de trouver des solutions acceptables au compromis équité-efficacité.

*Une politique de développement rural intégrée
demandera 4) des réformes de gouvernance
au niveau central permettant un « rural-proofing »
des politiques nationales...*

La gouvernance de la politique rurale est entravée aussi bien par les difficultés que rencontrent la coordination horizontale entre les acteurs publics et privés impliqués dans la politique rurale que par les mécanismes de coordination à travers différents niveaux de gouvernement. Au niveau central de la gouvernance de la politique rurale, nous pouvons distinguer trois principaux champs d'action prioritaires. Premièrement, étudier la rationalisation des responsabilités sur la question rurale afin d'identifier un leadership plus solide, établir une meilleure coordination et minimiser les asymétries entre les différentes structures administratives. Deuxièmement, l'autorité chargée de coordonner la politique de développement rural devrait exercer un rôle important de vérification des politiques sectorielles aussi bien pour les politiques régionales qu'urbaines. Ce point est crucial si la politique rurale ne reste pas étroitement limitée à des programmes visant principalement les zones rurales. La politique rurale devrait plutôt être un moyen d'accroître la cohérence entre la politique sectorielle et la politique non sectorielle et de répondre à leurs effets inattendus sur certains types de régions. La vérification des politiques sectorielles telles que l'économie, le social, l'environnement, les transports et l'énergie peuvent apporter beaucoup d'avantages au développement durable des régions rurales en Allemagne. Troisièmement, il serait utile d'améliorer le cadre juridique actuel de la politique rurale. L'actuelle distribution des responsabilités en matière de politique rurale continue d'obéir à un cadre développé dans un contexte très différent. L'actuel rôle potentiel des zones rurales ayant considérablement changé depuis, la révision de ce cadre juridique permettrait à la politique de développement rural d'adopter une approche plus large et d'établir clairement les responsabilités liées aux questions rurales ainsi qu'à la coordination et mécanismes de vérification.

*... verticalement, d'agrandir le champs
et l'efficacité des tâches communes GAK et GRW...*

En présence d'une forte structure au niveau des *Länder*, le rôle du gouvernement central devrait se concentrer sur la mise en place d'un meilleur environnement politique et régulateur pour la politique rurale, en élaborant une stratégie globale et en encourageant l'évaluation de programmes à niveau national et régional. Mettre ceci en pratique signifie, pour l'Allemagne, d'avancer sur au moins trois points : premièrement, réformer le GAK et le GRW : repenser le rôle et le fonctionnement de ces deux tâches communes permettrait une coordination verticale de la politique de développement rural plus efficace. Leur champ d'action pourrait être étendu de l'agriculture et fonction compensatrice respectivement, vers des objectifs de développement rural précis à travers des politiques de compétitivité et de création d'emplois. Fusionner les deux tâches communes GRW et GAK en un seul cadre pour la politique régionale, serait également une option à prendre en considération. Deuxièmement, il y a un besoin de renforcer le suivi et l'évaluation des politiques rurales ainsi que d'introduire des réserves de performance et des incentives afin d'accroître la planification et la coopération locales. Troisièmement, les besoins en capacités peuvent être abordés dans deux différents domaines. D'une part, les compétences nécessaires à des politiques territorialisées efficaces ont besoin d'un changement radical des approches sectorielles et des relations hiérarchiques peu flexibles. D'autre part, les acteurs locaux et intermédiaires ont besoin d'apprendre à gérer un nouveau rôle de partage des responsabilités et de collecter, partager et utiliser efficacement les connaissances. Une question directement liée à ce dernier point serait la résistance des autorités locales et régionales à créer des groupes professionnels régionaux de gestion qui contribueraient considérablement à la conception et implantation d'une politique rurale.

Une importante critique des approches du GAK et du GRW est que les politiques résultantes sont intrinsèquement pyramidales par nature. La lacune serait le manque d'une forte et large participation des institutions locales et régionales ainsi que des acteurs privés dans la préparation et implantation des mesures. Dans ce contexte, il est particulièrement important de développer des mécanismes capables de faire le lien entre les gouvernements des circonscriptions et les groupes d'intérêt aux processus de conception des politiques. La participation locale a été considérablement encouragée par des programmes tels que LEADER et *Regionen Aktiv*. Ces programmes territorialisés avaient eu des résultats positifs et bien documentés en termes de mobilisation des acteurs locaux et des institutions. Ils ont également démontré qu'ils étaient capables de créer des partenariats et une bonne capacité de planification qui, à leur tour, soutiennent l'intégration des politiques à niveau local. Cependant, ces

programmes étant encore au niveau de niche et manquant de fonds sont incapables de produire des impacts très significatifs. Ils pourraient cependant être opérationnels grâce aux financements nécessaires. Le point clé étant que ces approches devraient suivre le même courant afin que leurs nombreuses innovations méthodologiques soient intégrées dans la totalité de la création des politiques rurales.

*... et d'encourager, au niveau local, la participation
et l'adoption d'approches territorialisées*

Une vision cohérente et largement partagée pour l'Allemagne rurale devrait prendre en compte plusieurs facteurs internes et externes qui influencent son économie rurale. Deux types de lacunes devraient être évoquées afin d'adopter une approche globale prenant en compte les dynamiques complexes du développement rural.

*La politique de développement rural allemande
devrait être basée sur 5) une vision informée
des tendances rurales...*

La première lacune concerne les tendances dans les zones rurales. En Allemagne, comme dans plusieurs pays de l'OCDE, malgré l'attention croissante des populations pour les espaces ruraux et leurs ressources environnementales et culturelles, il n'existe pas une concentration réelle sur la « recherche rurale ». De la même manière, en termes de mise en œuvre des politiques, la recherche en développement rural souffre des influences de la recherche urbaine et agricole. Le « rural » est souvent considéré comme un domaine de recherche faisant partie intégrante du monde agricole. La lacune résultante entrave ainsi la compréhension des dynamiques rurales et donc, le développement de stratégies élaborées et de politiques pour les régions rurales. Un nouvel agenda de recherche soutenu par les institutions des *Länder* ainsi qu'au niveau fédéral, devrait englober des domaines tels que les liens urbains-ruraux, les tendances de mobilité, les besoins en services des zones rurales et le rôle des acteurs privés et institutions financières dans le développement rural de l'Allemagne. Dans ce but la création d'un institut national pour la recherche et l'analyse des données non basé sur l'agriculture et chargé d'effectuer des analyses innovantes, quantitatives et rigoureusement qualitatives des tendances du développement rural devrait être créée.

La deuxième lacune concerne les politiques liées aux zones rurales. Il y a un besoin pour les différents rouages de déterminer qui fait quoi dans la politique rurale, avec quelles ressources et quel en est impact. Les gouvernements,

aussi bien au niveau des *Länder* qu'au niveau fédéral, devraient considérer des mesures visant à accroître leur capacité de suivi et d'évaluation de l'efficacité et l'effectivité des dépenses publiques dans les zones rurales. Renforcer particulièrement la capacité analytique et le partage des informations au sein des gouvernements des *Länder* et fédéral reste une condition préalable pour une stratégie nationale de développement rural informée.

... qui intégrerait de manière plus vaste les intérêts de la société.

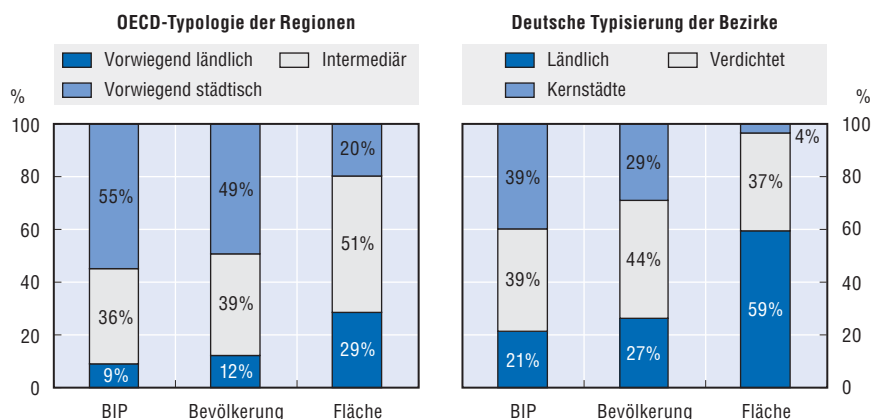
Une stratégie nationale de développement rural largement partagée devrait englober un large éventail d'acteurs. Ceux-ci représenteraient aussi bien les affaires rurales et urbaines que les consommateurs, les groupes environnementaux, les industries agricoles et non agricoles et autres parties organisées et moins organisées du développement rural, sans pour autant qu'il y ait un contraste avec le rôle prédominant des organisations d'agriculteurs au niveau fédéral ou des *Länder*. Une nouvelle vision de l'Allemagne rurale devrait mettre l'accent sur le fait que l'attention croissante de la société envers le développement rural et les nouvelles demandes du consommateur créera d'importantes opportunités pour la population rurale, y compris les ménages, qui dépendent de plus en plus sur les revenus non agricoles. Dû à son approche étroite le Plan national de développement rural (2007-2013) qui sera développé en accord avec les règlements de l'UE (Règlement du Conseil de l'UE n° 1698/2005) ne devrait pas être considéré comme un substitut d'une stratégie nationale plus large mais comme formant partie de ce dernier et devrait y être coordonné.

En résumé.

La politique rurale en Allemagne doit être entendue dans un contexte particulier étant donné les caractéristiques institutionnelles du pays d'une part et sa géographie et modèles démographiques de l'autre. Il existe un important degré d'hétérogénéité spatiale en termes de défis et opportunités des secteurs ruraux allemands. Les différences significatives entre l'Est et l'Ouest persistent et beaucoup d'entre elles ont des dimensions clairement rurales. Les facteurs tels que les réformes de la PAC, le vieillissement de la population et les tendances migratoires auront également d'importantes implications rurales. Plusieurs de ces questions impliquent plus que la politique rurale mais elle a rôle important dans la résolution de toutes les questions clés. Cependant, pour que la politique rurale soit une partie efficace du processus de politique elle devra évoluer au delà des limites existantes en

Allemagne. L'approche actuelle du pays au développement rural et à la politique rurale est principalement sectorielle et est donc limitée dans la perception de la diversité des régions rurales et la stimulation de programmes de développement adaptés à chaque endroit. En se basant sur l'expérience d'autres pays membres de l'OCDE, un certain nombre de priorités pour la réforme peuvent être identifiées. L'exécution de ces réformes exigera comme condition préalable la reconnaissance que, bien qu'appropriée à un certain moment, l'approche actuelle à la politique rurale a besoin de profondes modifications. Ces modifications exigent d'établir un large consensus afin de surmonter la résistance qui a longtemps entravé le changement de la politique rurale aussi bien dans les deux Allemagne que dans plusieurs autres pays de l'OCDE. Ce consensus devrait être établi progressivement et ce, grâce à la diffusion aussi bien aux décideurs qu'aux larges secteurs de la société civile d'informations objectives et bien recherchées sur le statut et les défis de l'Allemagne rurale. Enfin, la trajectoire de développement de l'Allemagne rurale doit être également perçue comme une question nationale, avec la même importance aussi bien pour le futur du citoyen rural qu'urbain.

Gesamtbeurteilung und Empfehlungen

Abbildung D.1. **Definition der Ländlichkeit**

Quelle: OECD (2007a), *OECD Regions at a Glance*, OECD Publications, Paris, erscheint demnächst sowie Berechnungen anhand von BBR (2005a), INKAR: Indikatoren und Karten zur Raumentwicklung (CD-ROM), Bonn.

Das Profil der ländlichen Räume Deutschlands: Herausforderungen und Chancen

Die ländlichen Räume Deutschlands befinden sich im Allgemeinen in der Nähe städtischer Zentren und besitzen eine gute Verkehrsanbindung...

In Bezug auf Herausforderungen und Chancen der ländlichen Räume in Deutschland ist ein hohes Maß an räumlicher Heterogenität festzustellen. Auch wenn es seit der Wiedervereinigung bei der Verschmelzung der neuen und alten Bundesländer zu einer größeren Nation erhebliche Fortschritte gegeben hat, bestehen zwischen Ost und West weiterhin bedeutende Unterschiede, von denen viele eindeutig ländliche Dimensionen haben. Deutschland ist eines der am dichtesten besiedelten Länder des OECD-Raums, und die Bevölkerung ist gleichmäßig über die Fläche verteilt (Deutschland rangiert im OECD-Konzentrationsindex unter 29 Ländern auf Platz 5). Die Hälfte der ländlichen Bevölkerung lebt in ländlichen Kreisen in der Nähe von Agglomerations- oder verstädterten Räumen, wo sich zahlreiche Möglichkeiten für Stadt-Land-Verbindungen bieten. 45% der Landbevölkerung

entfallen *de facto* auf Kreise, in denen mindestens 50% der Gemeinden höchstens 30 Autominuten entfernt von einem Oberzentrum liegen. Dieser hohe Grad der Erreichbarkeit ist der polyzentrischen (d.h. von zahlreichen städtischen Zentren geprägten) Siedlungsstruktur zuzuschreiben, die durch eine ausgezeichnete Verkehrsinfrastruktur flankiert wird.

Die wirtschaftliche Struktur ländlicher Regionen ähnelt der intermediärer Regionen, wobei die Landwirtschaft eine geringe und weiter abnehmende Rolle spielt...

Die ländlichen Kreise ebenso wie die verdichteten bzw. "intermediären" Kreise weisen sowohl in Bezug auf die Beschäftigung als auch die Bruttowertschöpfung ähnliche Wirtschaftsstrukturen auf. Eine Aufschlüsselung nach Beschäftigung ergibt einen Anteil von 5% im Primärsektor, 30% im Sekundärsektor und 65% im Tertiärsektor. Im Gegensatz zu den Kernstädten ist in ländlichen Kreisen der Anteil des Verarbeitenden Gewerbes etwas höher (hauptsächlich Werkstoffe und Bauteile), während die spezialisierten Dienstleistungsbranchen deutlich weniger stark vertreten sind. Die Landwirtschaft spielt in den ländlichen Räumen mit einer Bruttowertschöpfung von 2.9% und einem Beschäftigungsanteil von 4.7% nur eine geringe und weiter abnehmende Rolle, in diesen Zahlen könnte die Bedeutung der Zulieferer- und Abnehmerbeziehungen jedoch unterzeichnet sein. Das nominale Wachstum der Bruttowertschöpfung in der Landwirtschaft ist in den Kernstädten derzeit am höchsten (vgl. Tabelle D.1).

Tabelle D.1. **Wirtschaftssektoren (BWS) nach Regionstyp**

	Kernstädte (in %)	Verdichtete Kreise (in %)	Ländliche Kreise (in %)
Anteil von Land-, Forst- und Fischereiwirtschaft an der Bruttowertschöpfung (BWS), 2003	0.2	1.5	2.9
<i>Wachstumsrate 1998-2003 (p.a.)</i>	<i>0.8</i>	<i>-1.4</i>	<i>-1.3</i>
Anteil des Produzierenden Gewerbes an der BWS, 2003	26.4	31.8	30.2
<i>Wachstumsrate 1998-2003 (p.a.)</i>	<i>-0.8</i>	<i>0.4</i>	<i>0.2</i>
Anteil des Dienstleistungssektors an der BWS, 2003	73.4	66.7	66.9
<i>Wachstumsrate 1998-2003 (p.a.)</i>	<i>2.3</i>	<i>2.7</i>	<i>2.6</i>

Anmerkung: Nominale Wachstumsraten.

Quelle: Arbeitskreis "Volkswirtschaftliche Gesamtrechnungen der Länder", Berechnungen des BBR, zitiert nach BMELV (2006a), "Hintergrundbericht für die Fallstudie der OECD zur Politik für ländliche Räume in Deutschland", Entwurf, 20. März.

... während sich in anderen Sektoren neue Möglichkeiten ergeben, die die Dynamik vieler ländlicher Kreise vor allem im Westen beflügeln...

Einige ländliche Regionen verzeichnen eine starke wirtschaftliche Dynamik, selbst wenn viele ländliche Kreise zu den am schlechtesten abscheidenden Kreisen zählen. Während in den neuen Bundesländern nur wenige ländliche Kreise zwischen 1995 und 2003 Beschäftigungszuwächse verzeichnen konnten, war dies in den alten Bundesländern für mehr als zwei von fünf ländlichen Kreisen der Fall. Was die Firmengründungen anbelangt, handelte es sich im Jahr 2004 bei sieben der zwanzig Kreise mit den besten Ergebnissen um ländliche Kreise. Es bieten sich Chancen für eine nachhaltige wirtschaftliche Entwicklung, sowohl in der landwirtschaftlichen als auch in der außerlandwirtschaftlichen Landnutzung. Es besteht ein Potenzial zur Erschließung neuer Märkte, z.B. in den Bereichen erneuerbare Energien, Landtourismus, Vermarktung landwirtschaftlicher Erzeugnisse, Landschaftspflege oder Dienstleistungen für ältere Menschen, um nur einige zu nennen. Mit der wirtschaftlichen Diversifizierung bieten sich landwirtschaftlichen Haushalten neue Chancen. Zu den neuen agrarwirtschaftlichen Einkommensquellen gehört die Erzeugung höherwertiger landwirtschaftlicher Produkte, z.B. im ökologischen Landbau. Im Kreis Uecker-Randow (Mecklenburg-Vorpommern), dem Kreis mit dem niedrigsten verfügbaren Einkommen in ganz Deutschland, wird dieses Potenzial aktiv ausgeschöpft, und der auf den ökologischen Anbau entfallende Anteil an der landwirtschaftlichen Nutzfläche ist dort mit am höchsten (23.7%). 2004 handelte es sich bei 3.9% aller Agrarbetriebe um Biobauernhöfe. Auch mit dem Landtourismus und der Vermarktung der eigenen Erzeugnisse bieten sich neue Chancen im Agrarbereich, die von deutschen Landwirten heute genutzt werden.

... und dazu beitragen, dass die ländlichen Einkommen nahe am nationalen Durchschnitt liegen

Ländliche Gebiete sind nach mehreren Einkommensindikatoren gegenüber anderen Regionstypen im Rückstand, dieses Einkommensgefälle ist jedoch stabil bis rückläufig. Die tendenzielle Entwicklung des Pro-Kopf-BIP nach Regionstyp in Deutschland deckt sich mit den in anderen OECD-Ländern festgestellten Entwicklungen. Das Pro-Kopf-BIP der ländlichen Räume entspricht 80% des Bundesdurchschnitts. Dem stand 2004 ein Pro-Kopf-BIP von 88% des Bundesdurchschnitts in den verdichteten Kreisen und von 136% in den Kernstädten gegenüber. Die Unterschiede zwischen Ost und West beim Pro-Kopf-BIP sind in allen Regionstypen auffällig. Das verfügbare Einkommen je

Einwohner ist in ländlichen Kreisen eindeutig am niedrigsten. Die jährliche Wachstumsrate der ländlichen Kreise ist jedoch ebenso hoch (2.1% in den alten Bundesländern) bzw. höher (2.9% in den neuen Bundesländern) als in den Kernstädten.

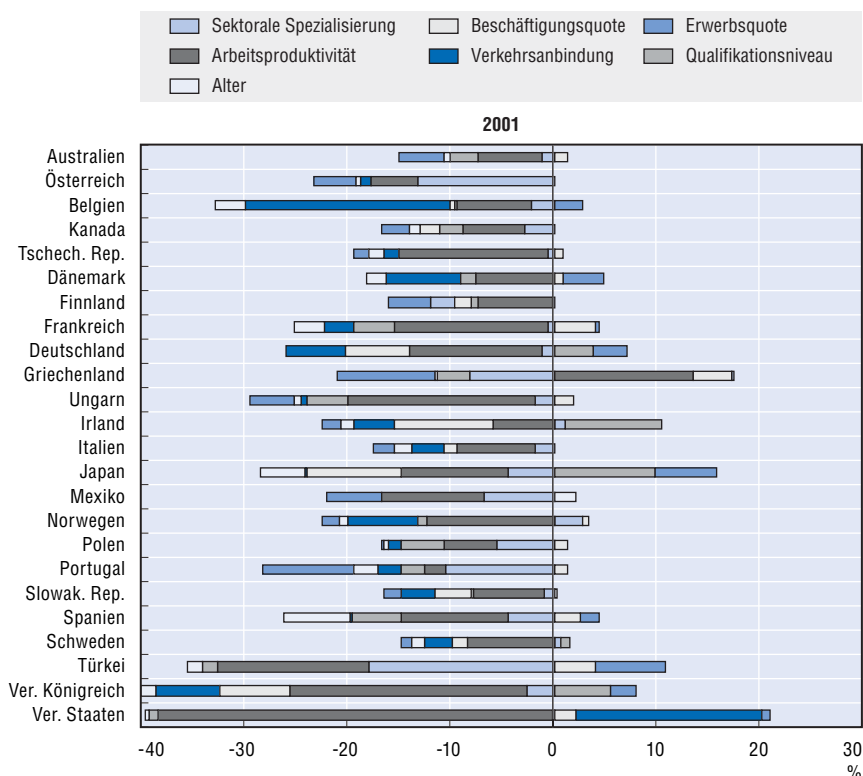
Die ländlichen Regionen Deutschlands sehen sich in Bezug auf Beschäftigung, Verfügbarkeit qualifizierter Arbeitskräfte und Arbeitsproduktivität Herausforderungen gegenüber...

Die Arbeitslosigkeit nach Regionstyp schwankt zwischen den neuen und den alten Bundesländern, bundesweit mangelt es in ländlichen Räumen jedoch an hochqualifizierten Arbeitskräften. In den neuen Bundesländern weisen die ländlichen Kreise die höchsten Arbeitslosenquoten auf (20.4%), in den alten Bundesländern sind die Arbeitslosenquoten in den ländlichen Räumen hingegen geringer als in den städtischen. Der Anteil der geringqualifizierten Arbeitskräfte unterscheidet sich in ländlichen Kreisen nicht deutlich von dem in Kernstädten, der Anteil der Hochqualifizierten ist in Kernstädten jedoch mehr als doppelt so hoch wie in ländlichen Gebieten (10.7% zu 4.6% in den alten Bundesländern, 15% zu 8% in den neuen Bundesländern). Bei einer Analyse des BIP je Erwerbstätigen fallen die Unterschiede zwischen den Regionstypen etwas geringer aus. In den ländlichen Räumen beträgt das BIP je Erwerbstätigen 91% des Bundesdurchschnitts, in den Kernstädten beläuft es sich auf 109% und in den verdichteten Umlandkreisen auf 99%. Wie in den meisten anderen OECD-Ländern ist ein Hauptgrund für das geringere durchschnittliche Pro-Kopf-BIP in der niedrigeren Arbeitsproduktivität (BIP je Erwerbstätigen) zu sehen. Die geringere Wirtschaftsleistung in vorwiegend ländlichen Regionen Deutschlands erklärt sich aber auch aus Unterschieden bei den Beschäftigungsquoten und den Pendlerverflechtungen. Diese Faktoren spielen eine wichtigere Rolle als Unterschiede bei der sektoralen Spezialisierung oder beim Anteil der älteren Bevölkerung (vgl. Abb. D.2).

... wie auch angesichts der demographischen Entwicklung...

Das Bevölkerungswachstum ist in den verschiedenen ländlichen Gebieten Deutschlands äußerst unterschiedlich, was zu zunehmenden Disparitäten in Bezug auf die Einwohnerdichte führt. Ländliche Kreise in der Nähe großer Agglomerationen verzeichnen ein rasches Bevölkerungswachstum durch Zuwanderung (+8.4% zwischen 1994 und 2004), wohingegen sich in dünn besiedelten peripheren Gebieten der Bevölkerungsrückgang fortsetzt (-2.3%

Abbildung D.2. **Bestimmungsfaktoren für Unterschiede beim Pro-Kopf-BIP zwischen ländlichen Regionen und dem Landesdurchschnitt (OECD-Länder)**



Quelle: OECD (2006), *Das neue Paradigma für den ländlichen Raum: Politik und Governance*, Paris.

zwischen 1994 und 2004). In den ländlichen Kreisen der neuen Bundesländer ist dieses Problem der Abwanderung, dessen Effekt durch die allgemeine Bevölkerungsalterung verstärkt wird (die Zahl der über 75-Jährigen wird bis 2020 in den alten Bundesländern um 45% und in den neuen Bundesländern um 75% zunehmen), am gravierendsten und dürfte in Zukunft noch akuter werden. Besonders besorgniserregend ist die Abwanderung junger Erwachsener aus ländlichen Gebieten: Der Anteil der 18- bis 29-Jährigen, der jährlich aus ländlichen Kreisen abwandert, hat sich zwischen 1995 und 2004 nahezu verfünffacht (von -3.7 je 1 000 auf -18.2 je 1 000 Angehörige dieser Altersgruppe) (dieses Problem wird in Tabelle D.2 näher erläutert). Auch wenn viele dieser ländlichen Migranten an ihren Herkunftsort zurückkehren, sind Belege dafür vorhanden, dass die am höchsten qualifizierten Kräfte in städtischen Räumen bleiben.

Tabelle D.2. **Wanderungssaldo nach Kreistyp und Altersgruppe, 1997-2004**

Kreistyp	Unter 18 Jahre	18-29 Jahre	30-49 Jahre	Ab 50 Jahre
Kernstädte	-190 600	990 700	-499 400	-340 300
Verdichtete Kreise	318 500	62 500	352 300	115 400
Ländliche Kreise	200 500	-237 100	226 600	233 300

Quelle: BBR (laufende Beobachtung), zitiert nach BMELV (2006a).

... was für die künftige finanzielle Tragfähigkeit der öffentlichen Daseinsvorsorge in mehreren Bereichen problematisch ist.

Trotz der relativen Entlegenheit einiger ländlicher Kreise ist der im Grundgesetz verankerte gleichwertige Zugang aller Bundesbürger zu Diensten der öffentlichen Daseinsvorsorge weitgehend gewährleistet. Derzeit haben alle Einwohner Zugang zu grundlegenden Telekommunikationsdiensten, Gesundheitsversorgung und Bildung (Primar- und Sekundarbereich). Natürlich gibt es gewisse Unterschiede in Bezug auf die Entfernung vom Dienstleistungsangebot wie auch die Vielfalt der zur Verfügung stehenden Optionen. Die Gesundheitsversorgung ist im Allgemeinen im Westen besser als im Osten. Was das Bildungsangebot anbelangt, sind die Unterschiede zwischen den verschiedenen Regionstypen im Tertiärbereich am deutlichsten. In einigen entlegeneren Gebieten ist eine Ausdünnung des Angebots an Dienstleistungen wie Einzelhandel, Post und Banken festzustellen. Zudem bestehen Defizite bei der Versorgung mit Büchereien und Kindergärten/ Kinderbetreuungseinrichtungen. Grundlegende Telekommunikationsdienste sind zwar in ganz Deutschland verfügbar, der Zugang zu Breitbanddiensten ist in einigen peripheren Räumen vor allem in den neuen Bundesländern jedoch schwieriger. Angesichts der derzeitigen Siedlungsstrukturen und der voraussichtlichen demographischen Trends und ihrer Auswirkungen auf die Steuerbemessungsgrundlagen gibt die Frage, ob die öffentlichen Finanzen in der Lage sein werden, das derzeitige Niveau der öffentlichen Dienstleistungsversorgung aufrechtzuerhalten, in vielen Regionen Anlass zu erheblicher Besorgnis. 31% der ländlichen Bevölkerung (6,9 Millionen Einwohner) leben in Kreisen, in denen in Zukunft mit überdurchschnittlichen bzw. hohen Tragfähigkeitsproblemen bei der Bereitstellung öffentlicher Dienstleistungen zu rechnen ist. Beispielsweise wird es in einigen entlegenen Gebieten, wie der Mecklenburger Seenplatte, 2010 in manchen Gemeinden keinen Hausarzt mehr geben, und selbst in Mittel- und Oberzentren dürfte mit einem deutlichen Ärzteschwund zu rechnen sein.

Zusammengefasst zeigen die Daten, dass die Bedingungen im ländlichen Deutschland generell positiv sind, die ländlichen Räume aber in Bezug auf

Demographie, Wirtschaftsleistung, Aktiva und Nähe zu städtischen Zentren große Unterschiede aufweisen. In vielerlei Hinsicht ist das Ost-West-Gefälle noch immer beträchtlich. Mit welchem Politikansatz versucht Deutschland, eine derart vielfältige, komplexe Entwicklungsdynamik in den Griff zu bekommen?

Für eine effektivere und effizientere Politik für ländliche Räume in Deutschland

Einerseits ist die deutsche Strategie für die Entwicklung ländlicher Räume größtenteils sektorspezifisch mit einer starken Konzentration auf die Landwirtschaft...

Das Grundgesetz schafft die Möglichkeit institutioneller Vereinbarungen zwischen verschiedenen Regierungsebenen in ausgewählten Politikbereichen von nationalem Interesse im Rahmen der sogenannten Gemeinschaftsaufgaben (Artikel 91 und 104). Die Verbesserung der Agrarstruktur und des Küstenschutzes wie auch die Entwicklung der regionalen Wirtschaftsstruktur sind als Gemeinschaftsaufgaben organisiert (GAK bzw. GRW). Deutschlands wichtigster Rahmen für die Politik der ländlichen Räume (die Gemeinschaftsaufgabe zur Verbesserung der Agrarstruktur und des Küstenschutzes GAK) schafft zwar nützliche Möglichkeiten für einen vertikalen Dialog, ist aber trotz in jüngster Zeit vorgenommener Verbesserungen z.T. wirkungslos, was die Erzielung eines ortsbezogenen Konzepts für die ländliche Entwicklung anbelangt. Die GAK setzt schwerpunktmäßig bei der Landwirtschaft an, und der derzeitige auf einem "Auswahlmenü" beruhende Ansatz läuft anscheinend der Ausarbeitung einer kohärenten, breite Unterstützung findenden Strategie für ländliche Räume zuwider. Folglich sind der deutsche Ansatz in der Politik für ländliche Räume und die entsprechenden Finanzierungen in der Tendenz darauf ausgerichtet, die EU-Agrarpolitik zu ergänzen, anstatt auf eine nationale, strategische Politik für die Entwicklung ländlicher Räume hinzuwirken. Obgleich dieser Ansatz zum Zeitpunkt der Einrichtung der GAK durchaus gerechtfertigt war, wird er den heutigen Charakteristiken der ländlichen Räume in Deutschland kaum mehr gerecht. Auf Grund des relativ engen, auf supranationaler Ebene abgesteckten Rahmens (Gemeinschaftsverordnung Nr. 1698/2005) kann der nationale Strategieplan 2007-2013 für die Entwicklung ländlicher Räume diese Lücke nur teilweise schließen.

... andererseits wird die Regionalpolitik mit ihren Auswirkungen auf die ländlichen Räume durch einen "nachsorgenden", auf einem Top-down-Ansatz beruhenden Charakter und einen räumlich begrenzten Aktionsradius beeinträchtigt.

Die im Rahmen der Gemeinschaftsaufgabe Regionale Wirtschaftsentwicklung (GRW) ausgearbeitete Regionalpolitik erstreckt sich auf alle neuen Bundesländer und ist daher *de facto* in weiten Teilen eine Politik für ländliche Räume. Unzulänglichkeiten ergeben sich dabei aus ihrem "nachsorgenden", auf einem Top-down-Ansatz beruhenden Charakter und einem geographisch begrenzten Aktionsradius. Vom Konzept her ist die GRW in erster Linie ein Mechanismus, mit dem strukturelle Nachteile kompensiert werden sollen und weniger ein Instrument zur Steigerung von Wettbewerbsfähigkeit und Arbeitsplatzschaffung. Deutschlands Politik für die Regionalentwicklung wird durch eine zunehmende Fokussierung auf die Städte (*urban bias*) beeinträchtigt, bei der die Entwicklungsdynamik ländlicher Räume in der Regel übersehen wird. Der Bruch zwischen einer regionalen, auf Städte ausgerichteten Regionalpolitik und einer nur schwach ausgebildeten Politik für ländliche Räume gibt Anlass zu Bedenken bezüglich der Kapazität der staatlichen Stellen zur angemessenen Berücksichtigung der Stadt-Land-Verbindungen, die in Deutschland in Anbetracht der geographischen und demographischen Struktur des Landes eine besonders wichtige Rolle spielen. Eine weitere große sich abzeichnende Herausforderung im Rahmen des derzeitigen Politikkonzepts entsteht durch die Schwierigkeiten im Zusammenhang mit der Einführung eines strategischen, ortsbezogenen Ansatzes für die Dienstleistungserbringung in ländlichen Räumen, insbesondere jenen, die am stärksten von Alterung und Abwanderung betroffen sind.

Oberste Priorität einer effektiven Strategie für die Entwicklung ländlicher Räume sollten u.a. folgende Maßnahmen haben: 1) Investitionen in die Entwicklung ländlicher Unternehmen und die Innovationstätigkeit...

Fünf prioritäre Bereiche sind definiert worden, die für die Auseinandersetzung mit den sektorübergreifenden Bestimmungsfaktoren der ländlichen Wettbewerbsfähigkeit und für den sozialen Zusammenhalt von entscheidender Bedeutung sind. Der erste betrifft die Förderung von Unternehmensentwicklung und Innovationstätigkeit durch die Bereitstellung öffentlicher Güter und eine

auf den jeweiligen Raum zugeschnittene Bildungs- und Ausbildungspolitik. In Anlehnung an in anderen OECD-Ländern beobachtete gute Verfahrensweisen spricht alles dafür, anstelle von Subventionen die Mittel für Investitionen in verschiedenen Bereichen (wie auf kulturelle Attraktivitätsfaktoren ausgerichteter Tourismus, KMU des Verarbeitenden Gewerbes, Energiegewinnung und Dienstleistungen für ältere Personen) zu erhöhen, die angesichts der nationalen wie auch internationalen Trends ein Wachstumspotenzial bergen. So sollte das Hauptaugenmerk der Erbringung jener Dienstleistungen gelten, an denen es ländlichen Unternehmen häufig mangelt, wie auch Kompetenzentwicklungsprogrammen, die auf die Bedürfnisse und Möglichkeiten unterschiedlicher Standorte zugeschnitten sind. Wesentlich ist, dass die Innovationspolitik den Unterschieden zwischen Stadt und Land Rechnung trägt und sich daher in erster Linie auf die Überwindung jener Hindernisse konzentriert, die der Nutzung externer Innovationen in ländlichen Räumen im Wege stehen, statt ausschließlich auf FuE-Investitionen zu setzen.

*... wie auch 2) Unterstützung für eine auf
Attraktivitätsfaktoren und Energiegewinnung
basierende Entwicklung...*

An die Landschaft geknüpfte Attraktivitätswerte sind ein möglicherweise noch nicht hinreichend erschlossenes Instrument für die wirtschaftliche Entwicklung durch den Fremdenverkehr. Viele Gebiete, die auf einem Index der touristischen und landschaftlichen Attraktivität die höchsten Werte erhielten, sind ländliche Räume. 55 der 193 ländlichen Kreise schneiden nach dieser Skala in der Tat überdurchschnittlich gut ab (obere zwei Kategorien). 33 dieser 55 ländlichen Kreise liegen *de facto* in größeren Räumen, die sich mit wirtschaftlichen Problemen und Abwanderung konfrontiert sehen. Bei keinem dieser bestplatzierten Kreise handelt es sich um agglomerationsnahe ländliche Räume. Diese Tatsache unterstreicht, dass vor allem in ländlichen Gegenden, die sich derzeit im Rückstand befinden, Spielraum für Maßnahmen zur Unterstützung einer auf Attraktivitätsfaktoren ausgerichteten Entwicklung vorhanden ist.

Erneuerbare Energiequellen bieten ländlichen Räumen in einem Kontext, in dem die Nachfrage nach diesen Quellen unter dem Einfluss der von der EU ebenso wie der auf nationaler Ebene betriebenen Politik gefördert wird, weitere Möglichkeiten. In Deutschland sind den erneuerbaren Energien 170 000 Arbeitsplätze, ein Gesamtumsatz von 16 Mrd. Euro und 4.1 Mrd. Euro Exporteinnahmen zu verdanken. Ein wachsender Teil der Energieversorgung stammt aus erneuerbaren Quellen, wobei das stärkste Wachstum bei Windenergie und Biomasse zu verzeichnen ist. 2003 wurden 8% des Ackerlands für den Anbau von Energiepflanzen genutzt. Derzeit wächst in

Deutschland mehr Holz nach, als jährlich geschlagen wird, wodurch sich zusätzliche Möglichkeiten für die Biomassenutzung bieten. In einigen ländlichen Regionen liefern Wind- und Wasserkraft zusätzliche Möglichkeiten. Deutschland verfügt effektiv weltweit über die größten installierten Windkraftkapazitäten. Die Ausschöpfung dieses Potenzials setzt eine enge Koordinierung zwischen der Energiepolitik und den Strategien für die Entwicklung ländlicher Räume voraus, um insbesondere in ländlichen Räumen die Schaffung von Arbeitsplätzen und Einkommen zu optimieren und die Umweltprobleme auf ein Mindestmaß zu reduzieren.

*... und 3) Daseinsvorsorge in entlegeneren
ländlichen Regionen.*

In den dünner besiedelten peripheren Räumen, insbesondere in Ostdeutschland, macht sich allmählich der auf der öffentlichen Dienstleistungsversorgung lastende Druck bemerkbar. Dieser ist auf den rasch fortschreitenden Alterungsprozess und Bevölkerungsschwund sowie die geringere Steuerbemessungsgrundlage zurückzuführen. Demographische Projektionen zeigen, dass sich diese Probleme im Zeitverlauf nur noch verstärken werden. Die wirtschaftliche Nachhaltigkeit dieser öffentlichen Dienstleistungen sollte durch eine Modernisierung der Bereitstellung von Leistungen in Schlüsselbereichen wie Gesundheit und Bildung gewährleistet werden. Die Politikverantwortlichen auf der Ebene von Bund und Ländern in Deutschland haben die Dringlichkeit von Aktionen zur Bewältigung dieser Herausforderungen erkannt. Die Entschließung zur "Sicherung und Weiterentwicklung der öffentlichen Daseinsvorsorge vor dem Hintergrund des demographischen Wandels" wurde 2003 von der Ministerkonferenz für Raumordnung (MKRO) verabschiedet. Mit den Modellvorhaben "Innovative Projekte zur Regionalentwicklung" im Zeitraum 2001-2004 des Bundesministeriums für Verkehr, Bau und Stadtentwicklung wurden bemerkenswerte Anstrengungen unternommen, um Lösungsoptionen für die Erbringung von Dienstleistungen in ländlichen Räumen zu erproben. Allerdings stellt diese strategische Gewährleistung der Daseinsvorsorge durch innovative ortsbezogene Konzepte in den meisten Bundesländern nach wie vor eine Ausnahme dar. Ausgehend von mehreren guten Verfahrensweisen in anderen OECD-Ländern könnten diese Ausnahmen in eine nationale ortsbezogene Strategie der Daseinsvorsorge umgemünzt werden, in der auf Instrumente wie Innovationen und Ressourcen-Pooling zurückgegriffen wird, um angemessene Lösungen für den Konflikt zwischen Gerechtigkeits- und Effizienzerwägungen zu finden.

Eine integrierte Politik für die Entwicklung ländlicher Räume setzt auf bundesstaatlicher Ebene 4) Governance-Reformen voraus, um die Politikfolgenabschätzung auf nationaler Ebene zu ermöglichen...

Die Governance im Bereich der Politik für ländliche Räume wird durch Schwierigkeiten bei der horizontalen Koordinierung öffentlicher und privater Akteure sowie bei den Mechanismen für die Koordinierung zwischen verschiedenen Regierungsebenen behindert. Was die Governance der Politik für ländliche Räume auf bundesstaatlicher Ebene betrifft, so zeichnen sich drei Aktionsprioritäten ab. Erstens sollte die Rationalisierung der Verantwortung für die diversen Aspekte der ländlichen Politik durch Ermittlung eines größeren Führungspotenzials, eine bessere Zusammenarbeit und eine Reduzierung der Asymmetrien zu den Verwaltungsstrukturen der Länder in Erwägung gezogen werden. Zweitens sollte die mit der Koordinierung der Politik für ländliche Räume beauftragte Behörde in der Politikfolgenabschätzung bezüglich sektorspezifischer wie auch regionaler und städtischer Maßnahmen eine wichtige Rolle spielen. Das ist ein ganz wesentlicher Punkt, wenn die Politik für die Entwicklung ländlicher Räume nicht allein auf Programme reduziert werden soll, die ausschließlich auf ländliche Räume ausgerichtet sind. Vielmehr sollte die Politik für ländliche Räume auch als ein Instrument zur Verstärkung der Kohärenz der sektorspezifischen und nichtsektorspezifischen Maßnahmen sowie zur Bewältigung unbeabsichtigter Effekte auf bestimmte Regionen eingesetzt werden. Die Politikfolgenabschätzung bezüglich sektorspezifischer Maßnahmen in Bereichen wie Wirtschaft, Soziales, umweltverträgliche Mobilität und Energiepolitik könnte für die nachhaltige Entwicklung ländlicher Regionen in Deutschland von Vorteil sein. Drittens dürfte es u.U. hilfreich sein, auch eine Weiterentwicklung des derzeitigen Rechtsrahmens der Politik für ländliche Räume ins Auge zu fassen. Die derzeitige Verteilung der Zuständigkeiten in der Politik für ländliche Räume beruht noch immer auf einem Rechtsrahmen, der in einem ganz anderen Kontext konzipiert wurde. Die tatsächliche und potenzielle Rolle ländlicher Räume hat sich seither erheblich verändert. Hierdurch würde es der Politik für die Entwicklung ländlicher Räume ermöglicht, sich ein globaleres Konzept zu eigen zu machen und die Frage der Verantwortung für Anliegen der ländlichen Entwicklung und die Koordinierung und Mechanismen der Politikfolgenabschätzung zu klären.

... im Blick auf die vertikalen Beziehungen, um Reichweite und Wirksamkeit der Gemeinschaftsaufgaben GAK und GRW zu erhöhen...

In Strukturen mit starker Länderebene sollte sich die Rolle der bundesstaatlichen Stellen schwerpunktmäßig auf die Gewährleistung eines der ländlichen Politik förderlichen Politik- und Regulierungsumfelds konzentrieren, das die Gesamtstrategie konzipiert und die Programmevaluierung auf nationaler und regionaler Ebene unterstützt. In Deutschland setzt die konkrete Verwirklichung dieses Ziels in die Praxis Fortschritte in mindestens drei Bereichen voraus. Erstens eine Reform von GAK und GRW. Eine effektivere vertikale Koordinierung der Politik für die Entwicklung ländlicher Räume in Deutschland könnte von einem Überdenken der Rolle und Funktion dieser beiden Gemeinschaftsaufgaben profitieren. Ihr Aktionsradius könnte jeweils über den Schwerpunktbereich Landwirtschaft und die Nachsorge hinaus um explizite Ziele für die Entwicklung ländlicher Räume erweitert werden, die über Maßnahmen zur Steigerung von Wettbewerbsfähigkeit und Beschäftigung verfolgt werden. In dieser Hinsicht könnte auch die Verschmelzung der beiden Gemeinschaftsaufgaben GRW und GAK zu einem einheitlichen Rahmen für die Regionalpolitik eine überlegenswerte Option darstellen. Zweitens bedarf es einer Verstärkung der Begleitung und Evaluierung der Politik für ländliche Räume sowie der Schaffung von leistungsgebundenen Reserven und Anreizen für eine verstärkte Planung und Zusammenarbeit auf lokaler Ebene. Drittens könnte der Kapazitätsbedarf in zwei Bereichen angegangen werden. Einerseits setzen die für eine effektive ortsbezogene Politik für die Entwicklung ländlicher Räume notwendigen Qualifikationen einen Paradigmenwechsel von Sektorkonzepten zu klaren hierarchischen Beziehungen voraus. Andererseits müssen die Akteure auf intermediärer und lokaler Ebene lernen, mit einer neuen, auf gemeinsamer Verantwortung basierenden Rolle umzugehen und Wissen auf effektive Art und Weise zusammenzutragen, auszutauschen und zu nutzen. In engem Zusammenhang steht das Problem des Widerstands lokaler und regionaler Behörden gegen die Einrichtung professioneller regionaler Managementstrukturen, die einen bedeutenden Beitrag zur Gestaltung und Umsetzung der Politik für ländliche Räume leisten könnten.

... und auf lokaler Ebene, um die Beteiligung an innovativen ortsbezogenen Konzepten sowie deren systematische Berücksichtigung zu fördern.

Ein wichtiger Kritikpunkt bei GAK wie GRW ist der inhärente Top-down-Charakter der mit ihnen verbundenen Maßnahmen. Was fehlt, ist eine starke

und breite Beteiligung lokaler und regionaler Einrichtungen wie auch privater Akteure an der Konzipierung und Umsetzung der Maßnahmen. In diesem Kontext ist es besonders wichtig, Mechanismen zu entwickeln, mit deren Hilfe die subnationale Ebene und breitere Interessengruppen mit dem Prozess der Politikgestaltung verbunden werden können. Die Beteiligung der lokalen Ebene ist durch Programme wie LEADER und REGIONEN AKTIV erheblich gefördert worden. Diese ortsbezogenen Programme haben nachweislich positive Ergebnisse im Hinblick auf die Mobilisierung der lokalen Akteure und Institutionen erbracht. Außerdem haben sie sich in der Förderung von Partnerschaften und Planungskapazitäten als wirkungsvoll erwiesen, die wiederum die Eingliederung dieser Maßnahmen auf lokaler Ebene erleichtern. Diese Programme haben jedoch immer noch Nischencharakter und können, insofern sie stark unterfinanziert sind, keine signifikanten Effekte erzielen. Programme dieser Art könnten mit mehr finanziellen Mitteln ausgestattet werden. Dreh- und Angelpunkt ist aber, dass diese Ansätze in allen Bereichen Berücksichtigung finden sollten, damit ihre so zahlreichen methodischen Innovationen in die Gesamtpolitik für ländliche Räume einbezogen werden.

Die Politik für die Entwicklung ländlicher Räume in Deutschland sollte 5) auf einer fundierten Vision der Trendentwicklungen in ländlichen Räumen basieren...

Eine kohärente, allgemein anerkannte Vision für ländliche Räume in Deutschland sollte mehreren internen und externen Faktoren Rechnung tragen, die die ländliche Wirtschaft in Deutschland beeinflussen. Zwei Arten von Wissenslücken müssen geschlossen werden, damit ein ganzheitliches Konzept eingeführt werden kann, das der komplexen Dynamik der ländlichen Entwicklung Rechnung trägt.

Die erste Wissenslücke betrifft die Trendentwicklungen in ländlichen Räumen. In Deutschland wie in vielen OECD-Ländern nimmt die "ländliche Forschung" trotz des zunehmenden Bewusstseins der Öffentlichkeit für den Wert des ländlichen Raums sowie seiner ökologischen und kulturellen Ressourcen keinen zentralen Platz ein. Die Forschung im Bereich der ländlichen Entwicklung leidet ebenso wie die Politikgestaltung unter einer zu starken Fokussierung auf Stadt- und Agrarforschung. So werden "ländliche Angelegenheiten" häufig als Forschungsgebiet innerhalb der Agrarsphäre betrachtet. Die sich daraus ergebende Wissenslücke ist erheblich und behindert das Verständnis der ländlichen Dynamik und mithin auch die Entwicklung fundierter Strategien und Maßnahmen für ländliche Räume. Eine von Einrichtungen auf Bundes- und Länderebene unterstützte neue Forschungsagenda sollte Themenfelder abdecken wie die Stadt-Land-Beziehungen, die Mobilitätsentwicklung, den

Dienstleistungsbedarf ländlicher Räume sowie die Rolle privater Akteure und Finanzinstitutionen in der Politik für die Entwicklung ländlicher Räume in Deutschland. Zu diesem Zweck könnte die Einrichtung eines nichtlandwirtschaftsbezogenen Bundesinstituts für ländliche Forschung und Datenanalyse, das innovative, rigorose, qualitative und quantitative Analysen ländlicher Entwicklungstrends durchführt, ins Auge gefasst werden.

Eine zweite Wissenslücke betrifft die speziell auf ländliche Räume abzielenden Maßnahmen. Es bedarf Mechanismen, um zu klären, wer in der Politik für den ländlichen Raum welche Maßnahmen mit welchen Mitteln und Folgen durchführt. Bund und Länder sollten Aktionen ins Auge fassen, um ihre Kapazität zur Begleitung und Evaluierung der Effizienz und Wirksamkeit öffentlicher Ausgaben in ländlichen Räumen zu steigern. Insbesondere ist der Ausbau der Analysekapazität sowie des Informationsaustauschs zwischen Bund und Ländern eine Grundvoraussetzung für die Einrichtung eines fundierten nationalen Strategieplans für die Entwicklung ländlicher Räume.

*... die auch weiter reichende gesellschaftliche
Anliegen einbezieht.*

Eine nationale, von breiten Kreisen getragene Strategie für die Entwicklung ländlicher Räume sollte auf die Anliegen eines breiten Spektrums an Akteuren eingehen. Diese Stakeholder vertreten sowohl ländliche als auch städtische Interessen, beziehen aber auch Verbraucher, Umweltgruppen, Landwirtschaft und Gewerbe sowie andere organisierte und weniger organisierte Akteure im Dienst der Entwicklung ländlicher Räume ein. Die Mitwirkung eines breiter gefächerten Kreises an Akteuren sollte nicht als Gegenentwurf zu der derzeitigen Situation betrachtet werden, in der die Agrarverbände sowohl auf der Ebene des Bundes als auch der Länder die zentrale Rolle spielen. In einer neuen Vision für das ländliche Deutschland sollte hervorgehoben werden, dass das stärkere Interesse der Gesellschaft an der ländlichen Entwicklung und die neuartige Verbrauchernachfrage Landbewohnern und insbesondere landwirtschaftlichen Haushalten, die zunehmend von außerbetrieblichen Einkommen abhängig sind, erhebliche Chancen bieten werden. Auf Grund seiner engen Fokussierung darf der Nationale Strategieplan für die Entwicklung ländlicher Räume (2007-2013), der gemäß EU-Verordnung (EG Nr. 1698/2005) ausgearbeitet werden soll, nicht als Ersatz für eine breiter fundierte nationale Strategie betrachtet werden, sondern vielmehr als einer seiner Bestandteile, der mit dem Gesamtkonzept zu koordinieren ist.

Zusammenfassung

Die Politik für ländliche Räume in Deutschland muss in einem Kontext betrachtet werden, der einerseits auf Grund der institutionellen Merkmale des Landes und andererseits wegen der geographischen und demographischen Strukturen ein ganz besonderer ist. In Bezug auf die Chancen für ländliche Räume in Deutschland und die sie betreffenden Herausforderungen herrscht ein hohes Maß an räumlicher Heterogenität. Signifikante Unterschiede zwischen Ost und West bestehen weiter fort, von denen viele eindeutig auch ländliche Dimensionen haben. Faktoren, wie die Reformen der GAP, die Alterung der deutschen Bevölkerung und Migrationsbewegungen haben ebenfalls allesamt wichtige Auswirkungen auf die ländlichen Räume. Viele dieser Fragen betreffen nicht allein die Politik für ländliche Räume, die aber bei der Lösung aller Schlüsselprobleme eine wichtige Rolle spielt. Damit die Politik für ländliche Räume zu einem effektiven Bestandteil des politischen Prozesses wird, muss sie in Deutschland über die bestehenden Einschränkungen hinaus weiter entwickelt werden. Das derzeitige Konzept für die Entwicklung ländlicher Räume in Deutschland ist größtenteils sektorspezifisch ausgerichtet und weist daher in Bezug auf die Erfassung der Vielfalt ländlicher Regionen und Förderung der Ausarbeitung ortsbezogener Programme Einschränkungen auf. Auf der Basis der Erfahrungen anderer OECD-Länder lässt sich eine Reihe von Reformprioritäten identifizieren. Grundvoraussetzung für die Umsetzung dieser Reformen ist die Anerkennung der Tatsache, dass das derzeitige Politikkonzept für den ländlichen Raum, das zu einem bestimmten Zeitpunkt durchaus angemessen war, nun tiefgreifender Änderungen bedarf. Hierzu ist ein breiter Konsens vonnöten, um jene Widerstände zu überwinden, die Veränderungen in der Politik für die Entwicklung ländlicher Räume sowohl in Deutschland als auch in mehreren anderen OECD-Ländern lange Zeit verhindert haben. Erreicht werden sollte dieser Konsens schrittweise und im Wege der Weitergabe gut recherchierter, objektiver Informationen über den Zustand des ländlichen Deutschlands und die Herausforderungen, denen es sich gegenüber sieht, an die Politikverantwortlichen wie auch an weite Teile der Zivilgesellschaft. Schließlich sollte der Entwicklungspfad des ländlichen Deutschlands als nationales Anliegen betrachtet werden, das die Zukunft der Land- und der Stadtbewohner gleichermaßen beeinflussen wird.

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OECD Rural Policy Reviews

Germany

This review discusses the challenges and opportunities of German rural areas. Significant differences between East and West persist and many of these have clear rural dimensions. Factors such as CAP reforms, ageing of the German population and migration trends will also have important rural implications. Many of these issues involve more than rural policy, but rural policy has a place in resolving all of the key issues. However, for rural policy to be an effective part of the policy process it will have to evolve beyond the existing limits in Germany. This review states that Germany's current approach to rural development and rural policy is mainly sectoral and thus does not fully capture the diversity of rural regions. Neither does it foster the development of programmes that are adapted to each place. Based on the experience of other OECD countries, a number of priorities for reform can be identified. The implementation of these reforms will require as a pre-condition the acknowledgement that, although appropriate at a certain moment in time, the present approach to rural policy needs profound modifications. These modifications require building a broad consensus in order to overcome resistance that has long impeded change in rural policy in both Germany as well as in several other OECD countries. This consensus should be built progressively and through the diffusion of well-researched, objective information to both policy makers and broad sectors of civil society on the status and challenges of rural Germany. Ultimately, the development of rural Germany is a matter of national concern, relevant for the future of both rural and urban citizens.

This report will be of interest to policy makers, researchers, NGOs and others active in rural development.

French and German translations of the Assessment and Recommendations have been included in this volume.

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