



The New Rural Paradigm

New policy approaches to
rural development

Policy Forum on Agriculture and rural development

OECD, November 24th

TDPC and WPRUR

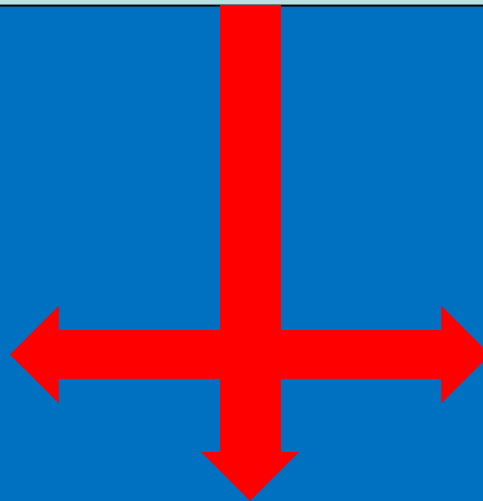
- OECD “Geography”

Territorial Development Policy Committee

Working Party on
Territorial Indicators

Working Party on
Urban Development

Working Party on
Rural Development





Main issues in the presentation

1.A changing framework for rural policy

- Definition and evolution of rural policy
- (analytical capacity)

2.The New Rural Paradigm

3.Evidence from the OECD Rural Policy Reviews

- Convergence of rural issues, and,
- Common threads in rural policies

4.Four main conclusions

What is Rural Policy?

- **Not a coherent set of policies and programmes – amalgam of independent pieces that have evolved through time.**
- **Two levels**
 - **Narrow Rural Policy** – those policies that are designed to explicitly affect rural areas – agriculture, rural broadband, rural doctors
 - **Broad Rural Policy** - those policies that have no specific geographic focus, but have major rural impacts – national health insurance, education policy, investment policy

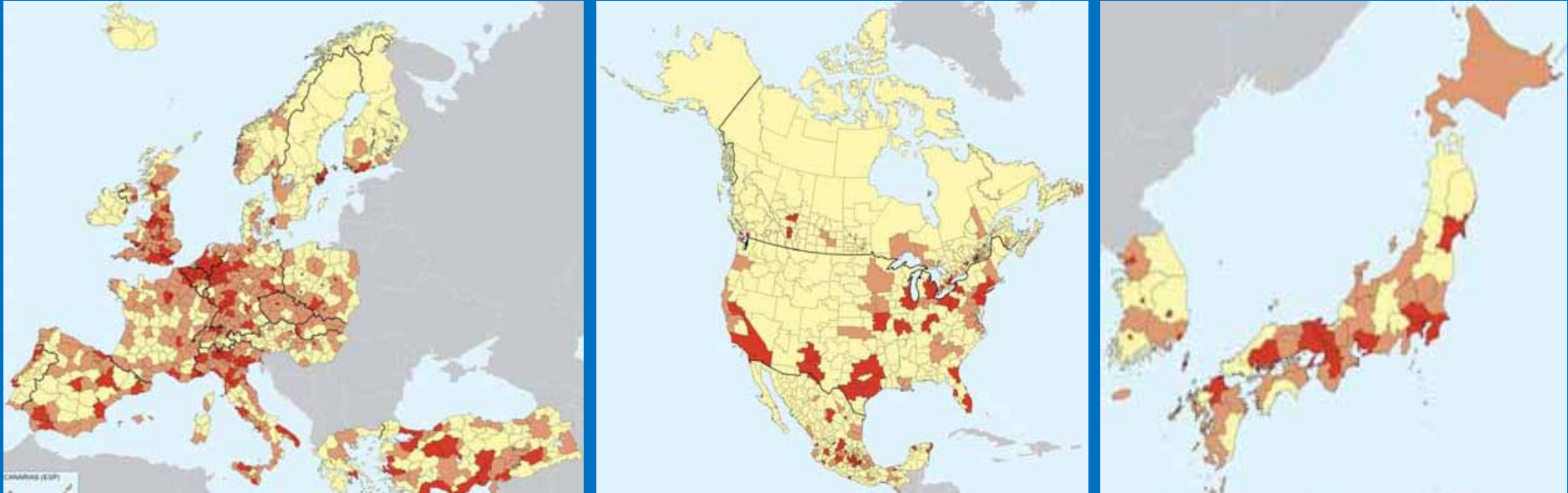
Rural policy evolves

Several factors participate to the change

1. **Agriculture** has become a minor source of income and employment in OECD rural areas.
2. Role and condition of **manufacturing** in rural areas (globalisation is both an opportunity and a challenge).
3. Rural residents demand the same **services** as are produced in urban areas
4. Competition for scarce public resources requires evidence that **expenditures have a clear value**

Analysis evolves

- OECD Regional Typology



■ Rural

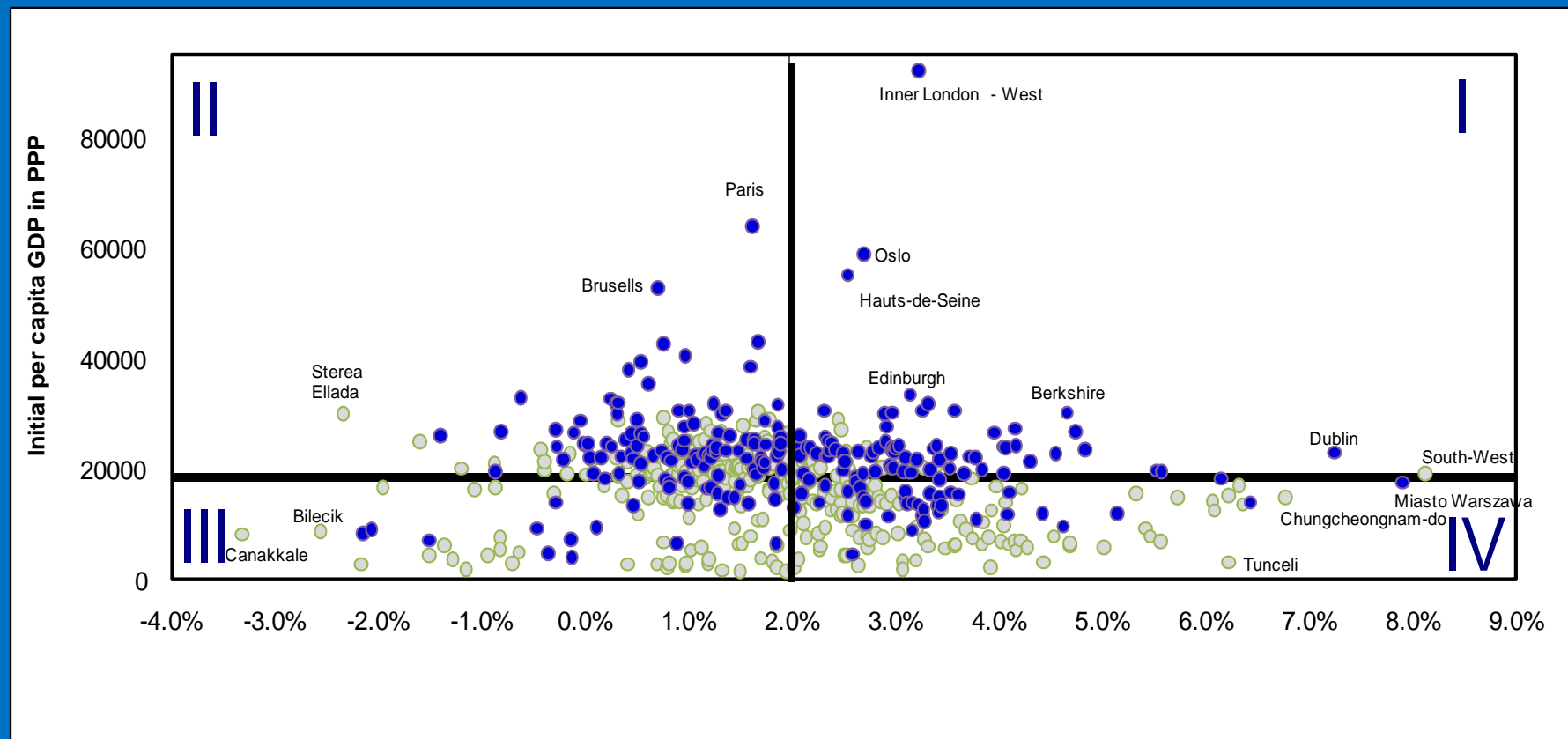
■ Intermediate

■ Urban

- It is a tool for international comparisons.
- Group of countries have different kind of rural areas (ex. Québec and Finland have remote rural – England and Netherlands have intermediate regions)

Analysis evolves

Average annual growth rates in OECD TL3 1995-2005



Predominantly rural



Predominantly urban

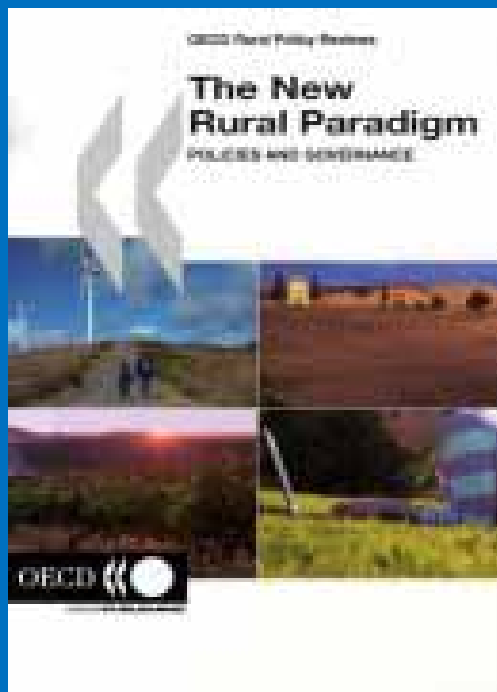
The New Rural Paradigm (NRP)

	Old Paradigm	New Paradigm
Objectives	Equalization or entitlement approach, focused on farm income, farm competitiveness	Competitiveness of rural areas, valorisation of local assets, exploitation of unused resources
Key target sector	Sector based	Various sectors of rural economies (e.g. rural tourism, manufacturing, ICT industry, etc.)
Main tools	Subsidies	Investments
Key actors	National governments, farmers	All levels of government (supranational, national, regional and local), various local stakeholders (public, private, NGOs)

Rural Policy within the NRP

3 MAIN FEATURES (or “MISSIONS”)

- Give adequate attention to rural
- Local communities and governments
- development of **local assets** and **diversified economic base (new opportunities)**



Acceptance of the NRP

- **All countries see merit in the NRP as an enhancement to current rural policy**
- **Movement away from subsidies limited by:**
 - Difficulty in identifying sound investments;
 - People may have entitlement rights;
 - Vocal minority defends the subsidy approach;
 - Mismatch between what national agencies can manage and bottom-up process;
 - Local capacity is too limited to carry out tasks, and nations have largely been unwilling to invest in capacity building (LEADER example).



OECD Rural Policy Reviews



OECD Rural Policy Reviews

11 national reports

Germany; Mexico (2006)

Finland; Netherlands; Scotland, UK (2007)

China; Italy; Spain (2008),

Québec, Canada; England, UK (2009)



Convergence of rural issues

1. Little employment in agriculture

2. Demography

- Dropping birth rates and youth outmigration Rural population increases depend on in-migration (retirees, low-skilled foreign workers)
- Rural represents 20% of the national population.

3. Public services – demand and delivery

4. Protection of natural resource (amenities)

- Natural resources have an “existence value”

5. Climate change, and availability of energy

6. Economic restructuring of rural areas

Common policy threads (1)

New economic opportunities in rural areas

- Tourism
 - Green Payments
 - Renewable Energy
 - Elderly Care/ Retirement Destination
 - Entrepreneurship
 - Food Security/ Local Food
- These opportunities mostly require site specific responses, not “template solutions” making a national role hard to define.

CAP PILLAR II

- For EU countries the money from CAP Pillar II is always useful, but:
 - some nations use EU funds and priorities to “define” their domestic rural policy,
 - while others tend to use the money to supplement an indigenous policy.

Common policy threads (3)

Often, the difference between rural & urban economies is not considered

- In aggregate, rural economies are seen as similar to urban regions.
- However, below the aggregate level, the types of activity, skills utilized, value-added, wage levels and organizational complexity are different.

Common policy threads (4)

Need for a focus on intermediate regions and rural-urban linkages

- Focus of most rural policy is on remote rural. Very little policy targets **peri-urban areas or more intermediate regions**, even though the majority of the rural population is found in these places.

Common policy threads (5)

Green economy is seen as a development opportunity for rural

- Nations favour improvements in environmental conditions (climate change, reduced pollution), and assume that this will have positive effects on rural economies.
- Almost all renewable energy is rural

Conclusions

1. The rural context is important.
2. Commonly desired outcomes for rural areas but different political structure, social values, rights, etc. act as constraints on policy choices.
3. Regional (place-based) evaluation can play a key role in examining the performance of specific projects and programs.
4. There is scope for mutual learning for policy dialogue – key function of the OECD.