



ORGANISATION FOR ECONOMIC  
CO-OPERATION AND DEVELOPMENT

# The New Rural Paradigm

New policy approaches to  
rural development

The Territorial Approach in Agricultural and Rural Policies.

An International Review

Rome, November 5<sup>th</sup> 2010



# 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** (issues for discussion)**

# What is Rural Policy?

- **Not a coherent set of policies and programmes – amalgam of independent pieces that have evolved through time.**
- **2 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

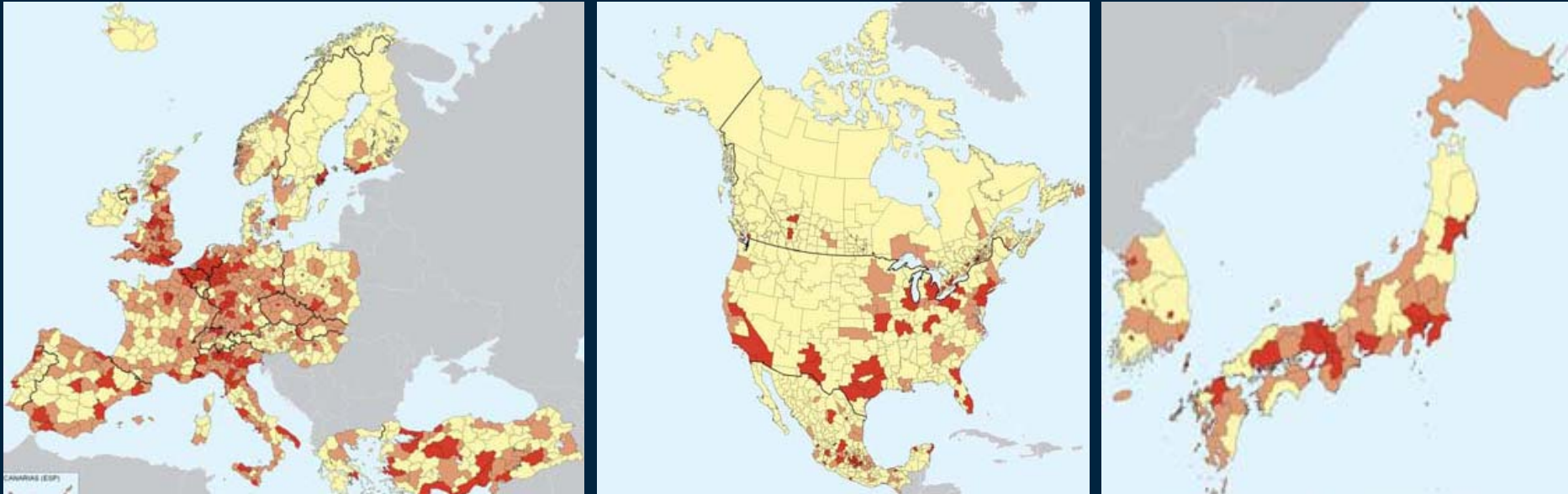
# Rural policy evolves

## 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 **expenditure has a clear value**

# Analysis evolves

- OECD Regional Typology



■ Rural

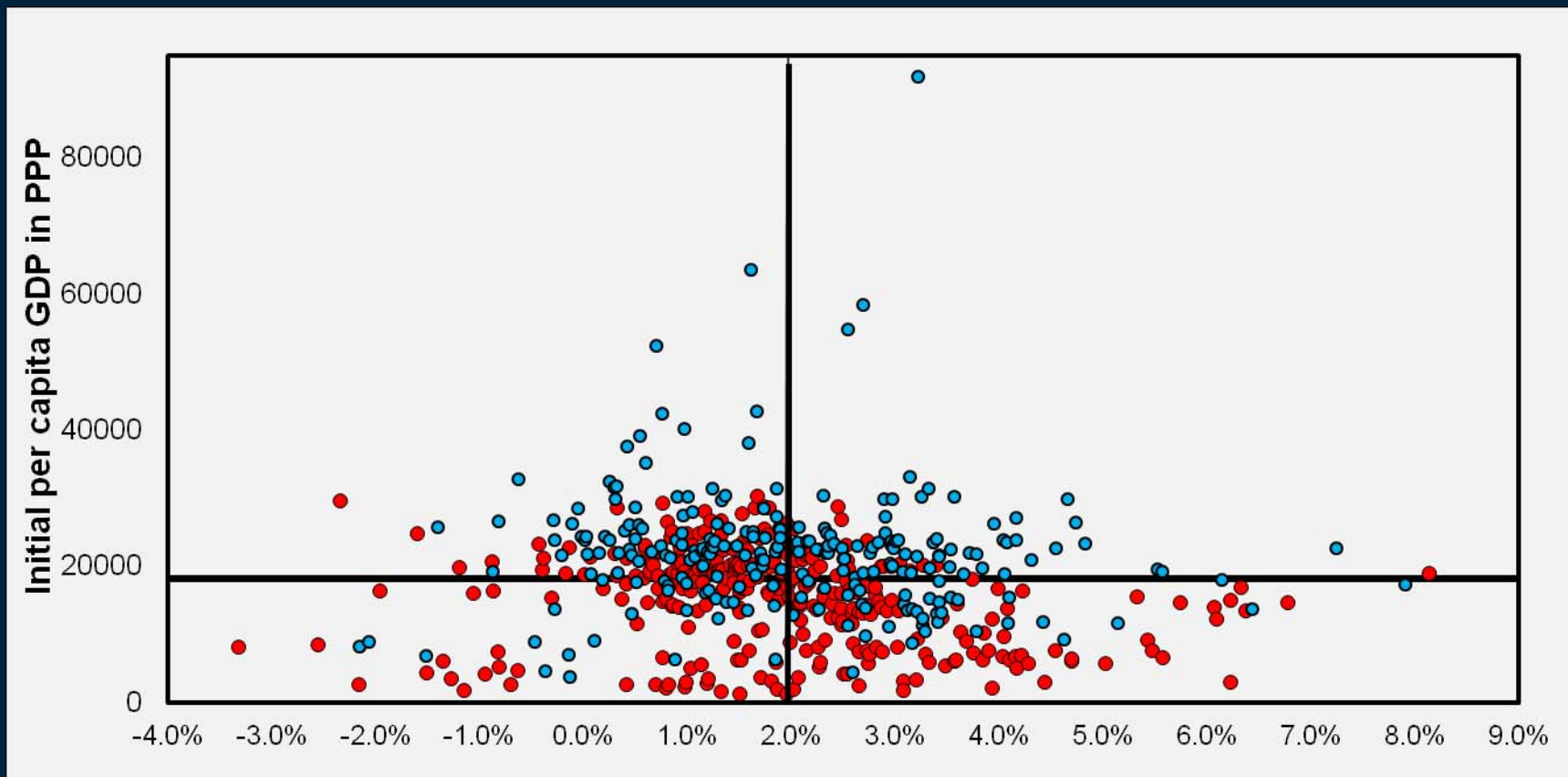
■ Intermediate

■ Urban

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

# Analysis evolves

## Average annual growth rates in OECD TL3 1995-2005

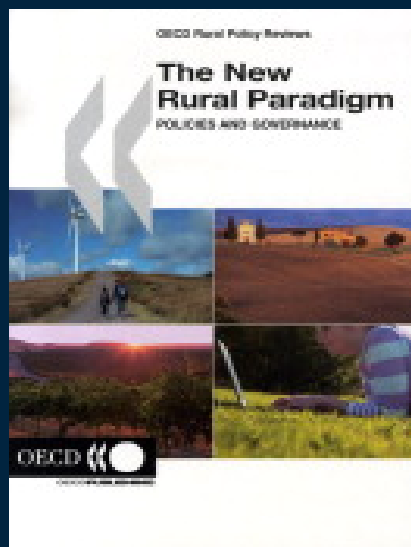


Predominantly rural



Predominantly urban

# The New Rural Paradigm (NRP)



	Old Paradigm	New Paradigm
Objectives	Equalization. Focus on farm income	<b>Competitiveness</b> of rural areas
Key target sector	Sector based	<b>Holistic</b> approach to include various sectors of rural economies
Main tools	Subsidies	<b>Investments</b>
Key actors	National governments, farmers	<b>Multilevel-governance</b>

- Guarantee an adequate **attention to rural issues**
- **Empower** local communities and governments

# 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;
  - Vocal minority defends the subsidy approach;
  - Mismatch between what national agencies can manage and bottom-up process (LEADER example).





# OECD Rural Policy Reviews



# OECD Rural Policy Reviews

## 10 national reports

**Germany; Mexico (2006)**

**Finland; Netherlands; Scotland, UK (2007)**

**China (2008); Italy; Spain (2009),**

**Québec, Canada (2010),**

**England, UK (2010)**





# Convergence of rural issues

## **1. Little employment in agriculture**

## **2. Demography**

- Dropping birth rates and youth outmigration. Population increases depend on 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. Economic restructuring**

- Changing comparative advantage and economic function of rural

## **6. Climate change, and availability of energy**



# Common strategies (1)

## **Emerging development strategies in rural areas**

1. Entrepreneurship and self employment
2. Nature/culture based tourism
3. Elder care (silver economy)
4. High value agriculture (local food)
5. Renewable energy



## Common strategies (2)

**Green economy is seen as a development opportunity for rural areas**

- Almost all renewable energy is rural
  - Renewable energy **might** be a 3-into-1 solution for
    - Climate change
    - Energy security
    - Job creation...



# Common policy threads (1)

## Use of CAP Pillar II resources

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



## Common policy threads (2)

**In some cases, the difference between rural and urban economies is not considered**

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



## Common policy threads (3)

### **Need for a focus on intermediate regions and urban-rural 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.



# 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. Place-based evaluation can play a key role in examining the performance of projects and programmes.
4. There is scope for mutual learning for policy dialogue – OECD.