

Dresden, November 2007

The New Rural Paradigm

Policies and Governance



Trends in rural areas across the OECD...

...and the policies?

Looking forward: a new rural paradigm?

Why are we talking about 'rural' ?

Trend # 1: rural-urban disparities

Rural per capita GDP = 64% of national averages, and declining

Low population density



lack of critical mass
for services and infrastructure
(++ higher education)



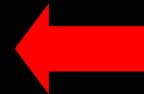
out-migration (+ageing)



fewer employment opportunities



lower business creation



Although...

the fastest growing region in 1 out of 3 OECD Countries
is rural

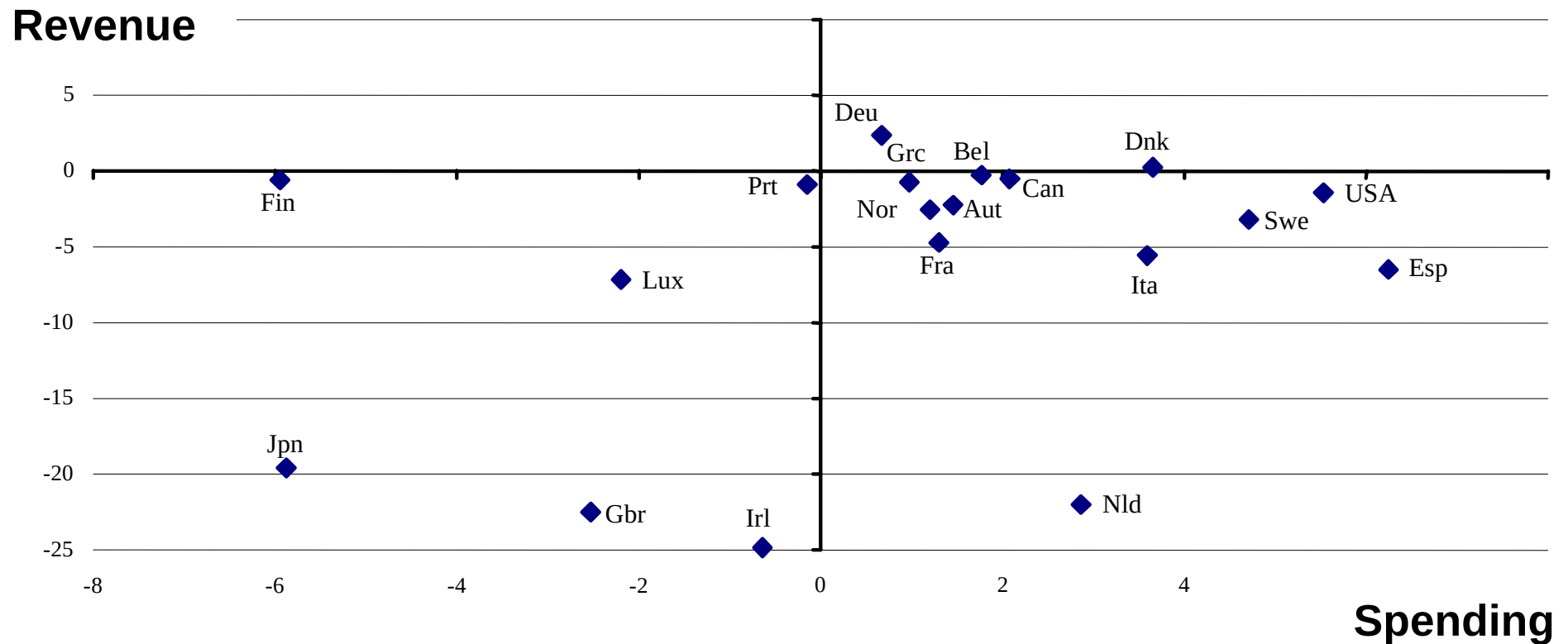


“rural” not synonymous with “decline”

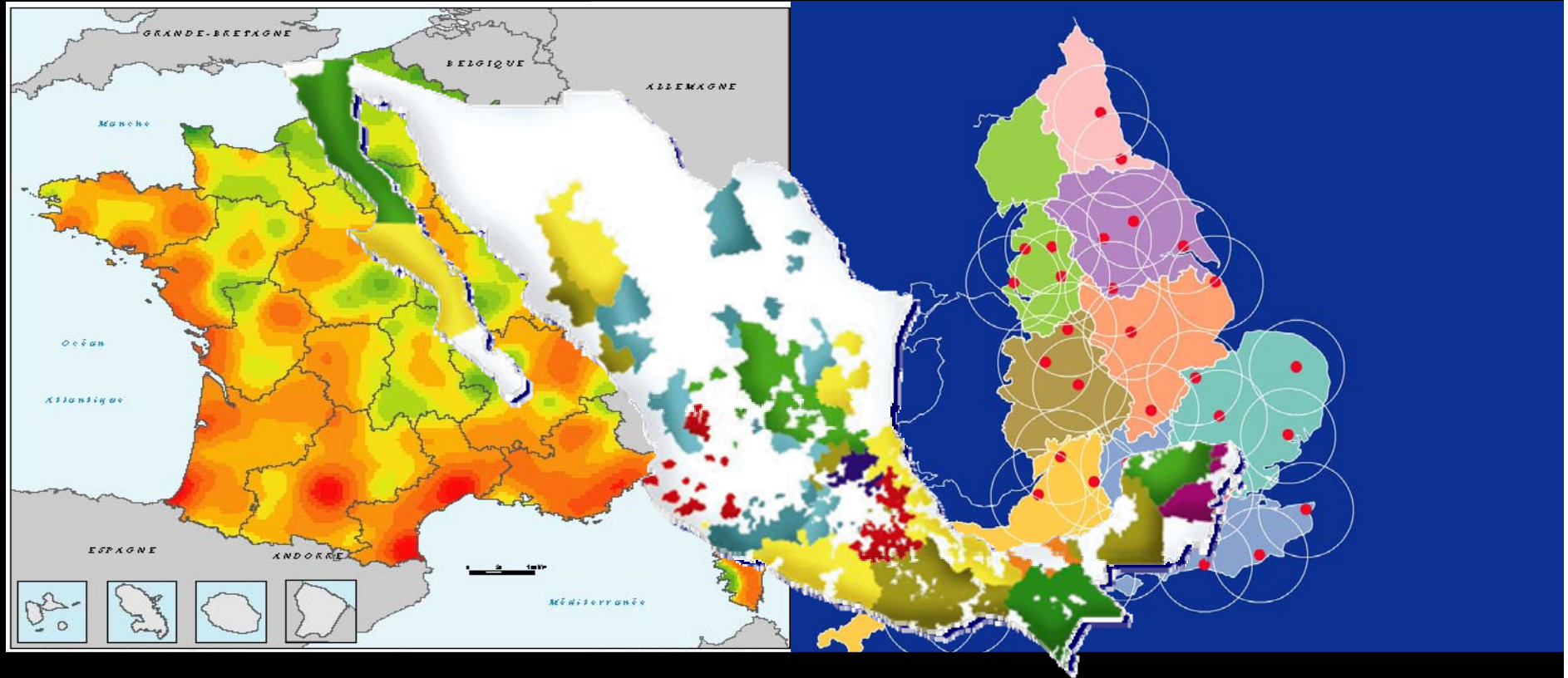
Trend #2: Globalisation, EU enlargement, CAP reform



Trend #3: devolution calls for innovative planning capacity



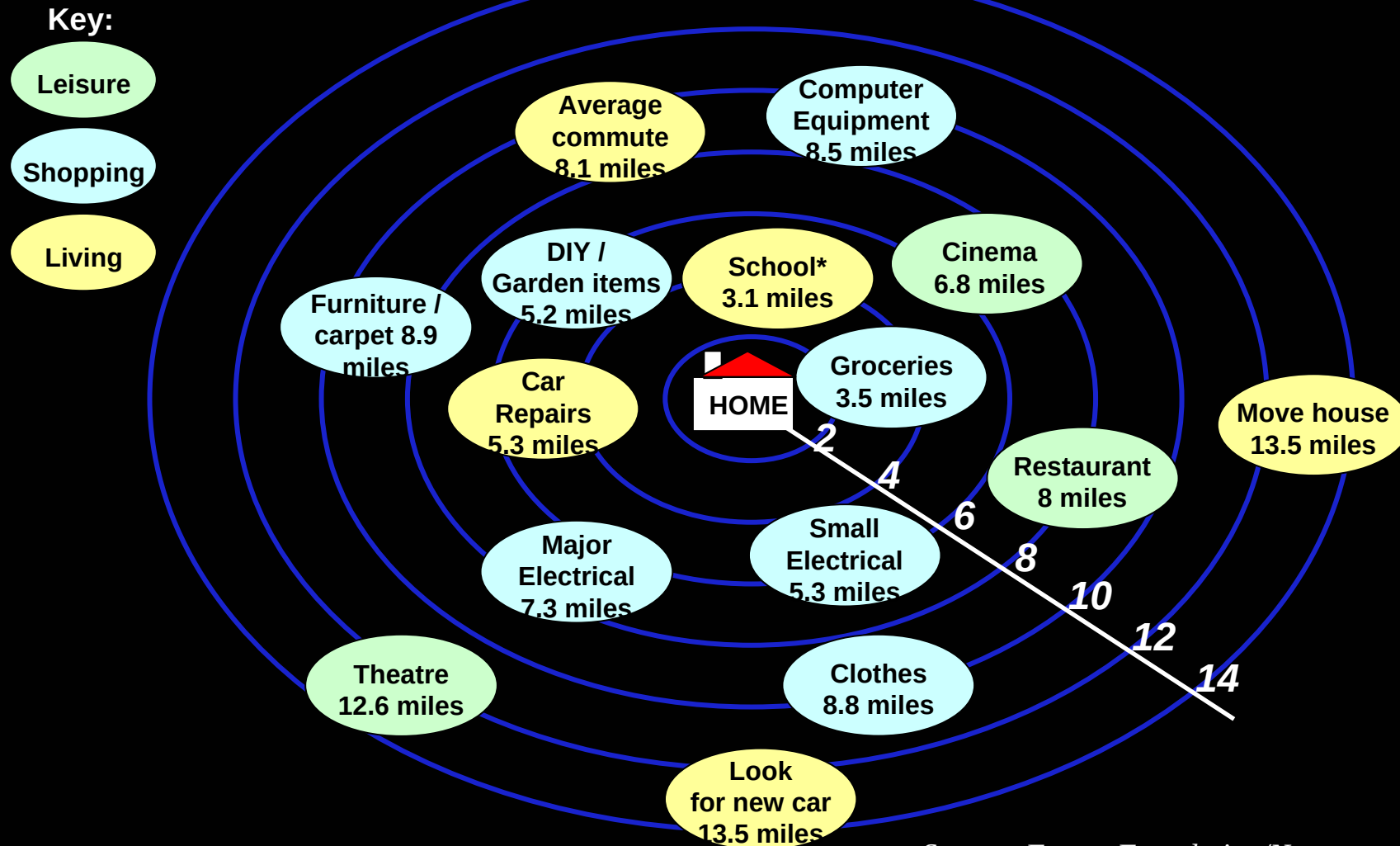
Trend # 4: migration / mobility trends



Where does rural start ?

Trend # 4b: Increasing mobility of people

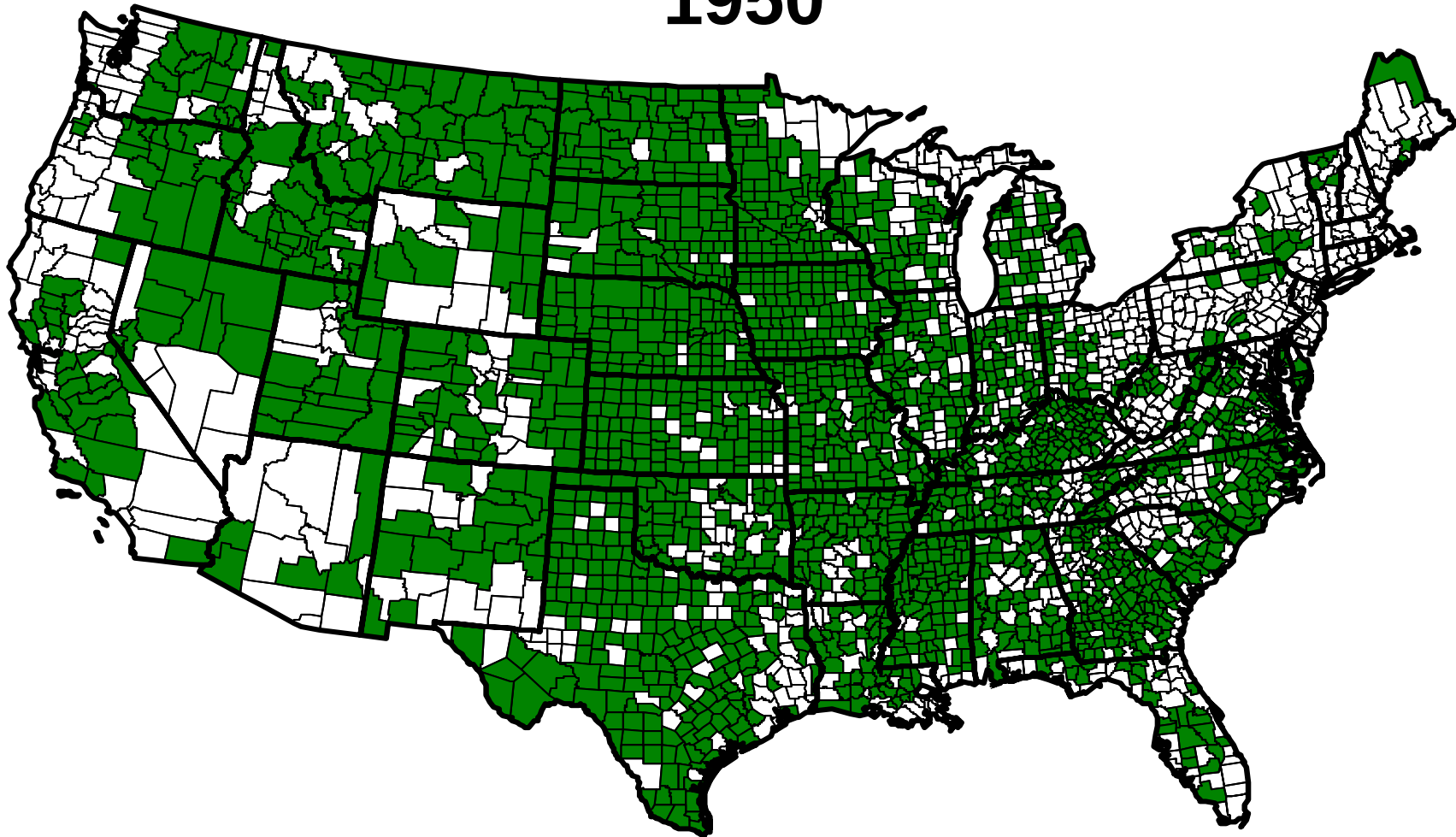
Average number of miles travelled (urban and rural people)



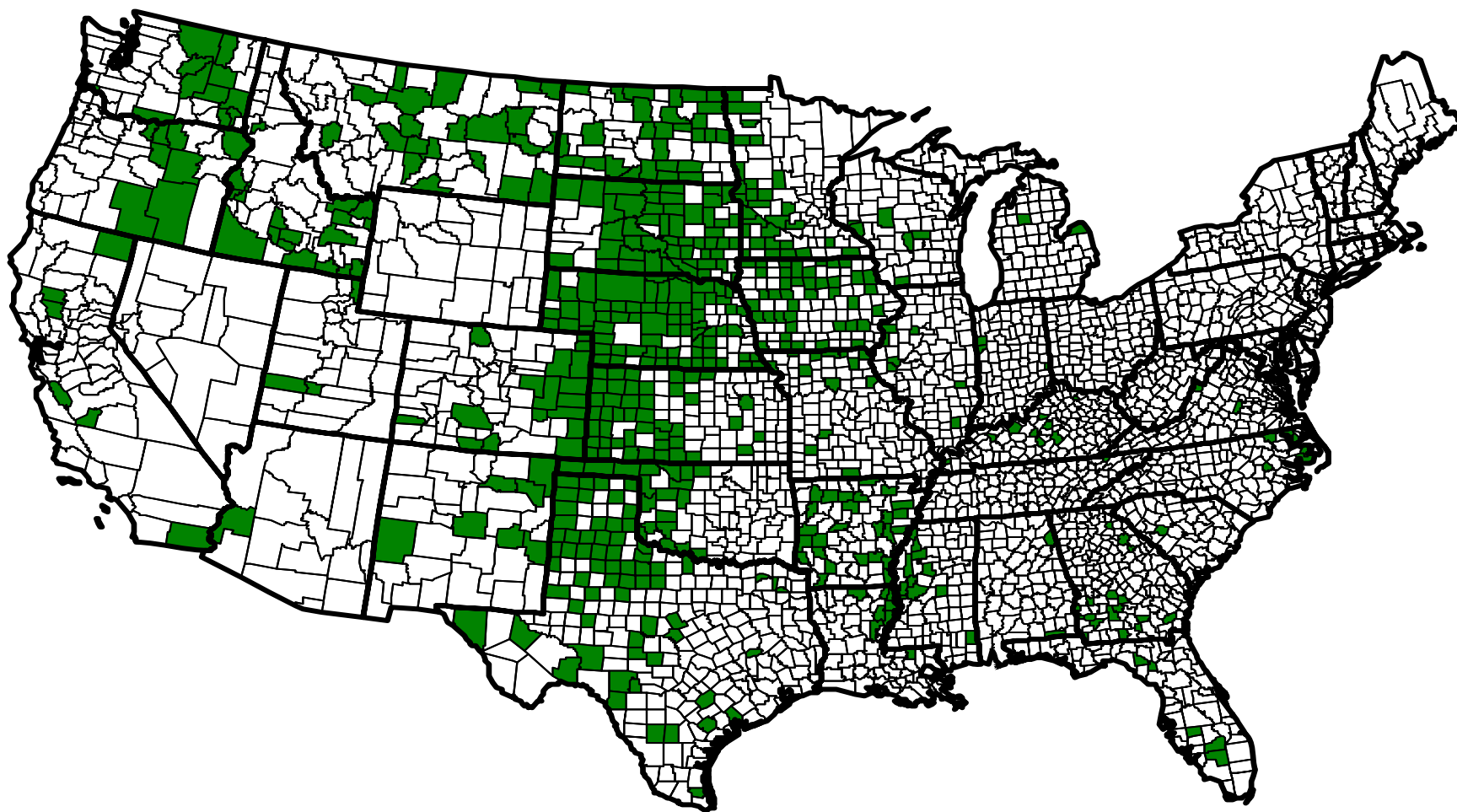
Source: Future Foundation/Newspaper Society

Trend # 5: changing profile of rural economies

1950

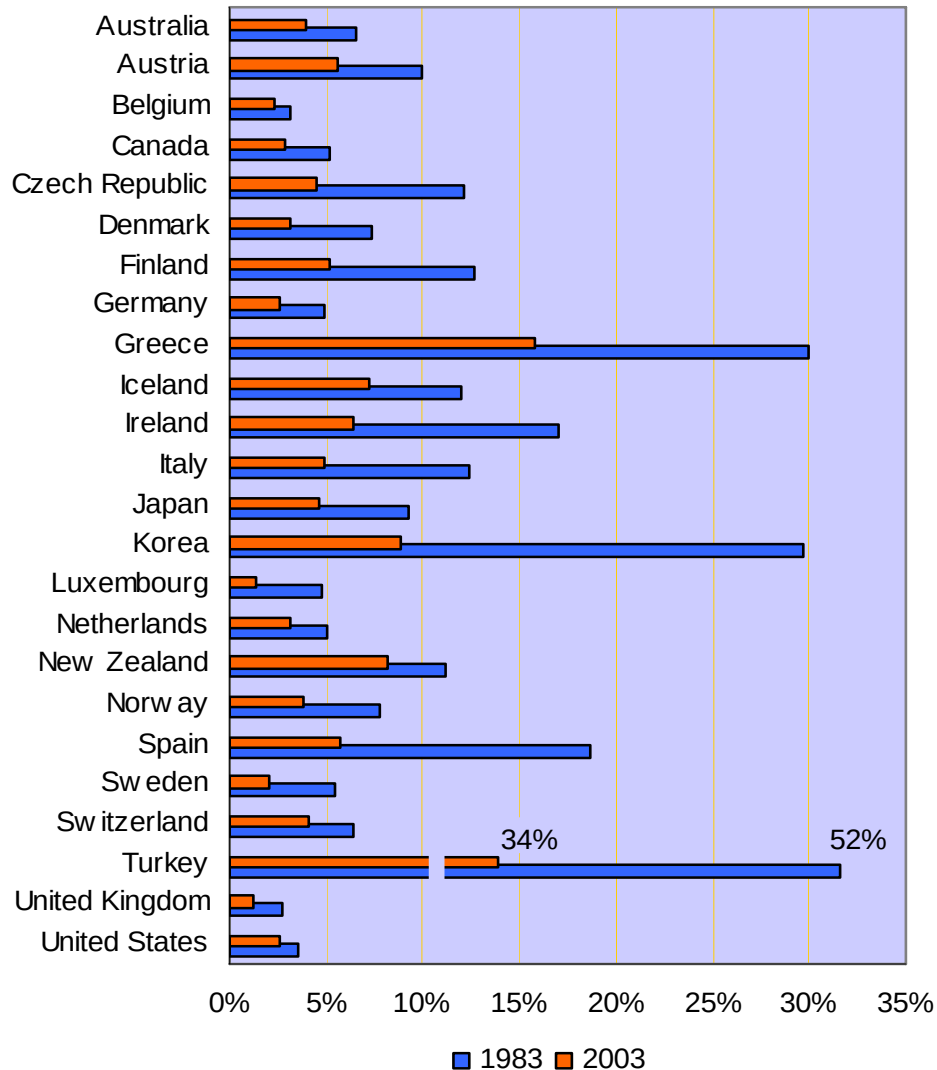


1990



...so: “rural” not synonymous with “agriculture”

Agriculture as an employer...



Rural
employment

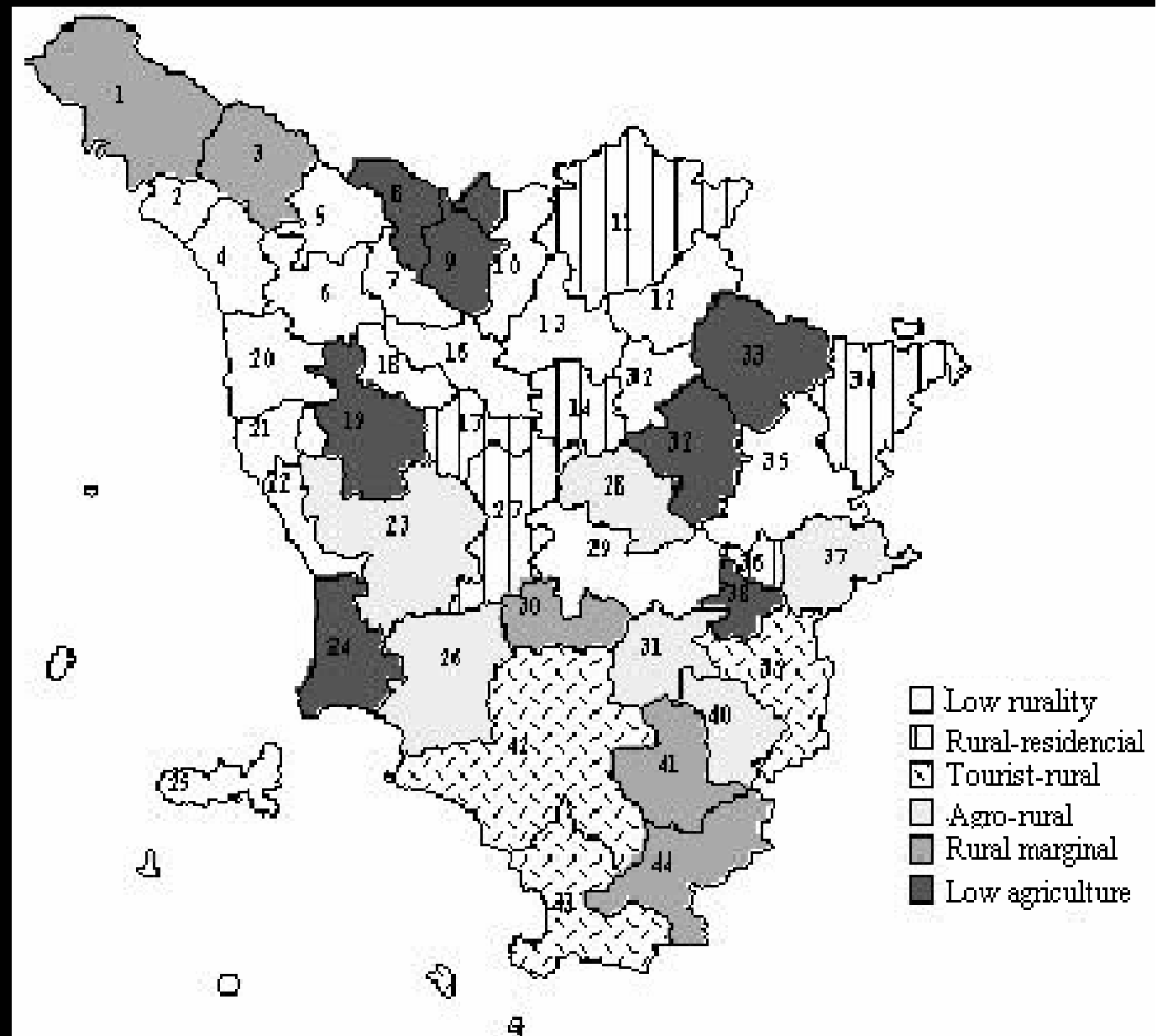
<10 %

National GDP

2 %

Result: many 'rurals' across the territory and over time

one example...



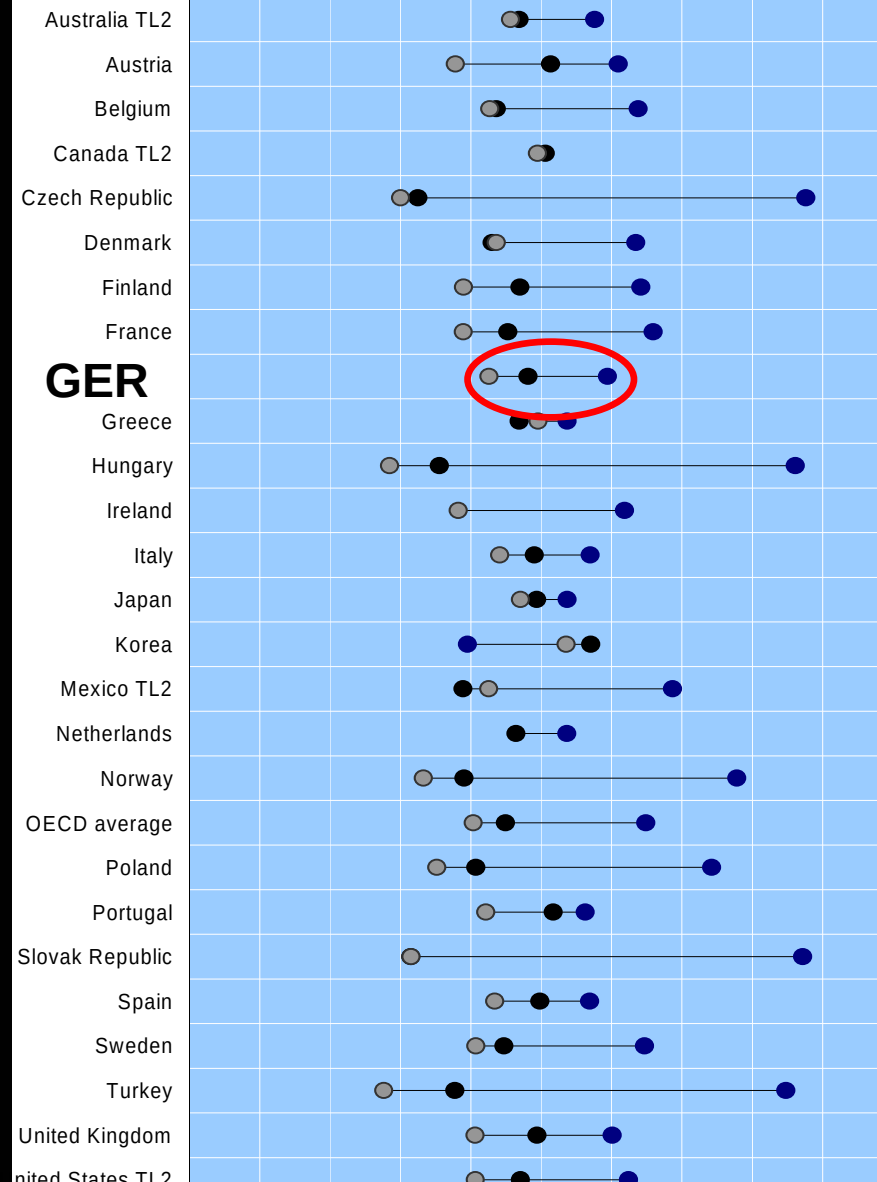
Rural income, economic diversification, connectivity...

...on aggregate, rural Germany is doing well.

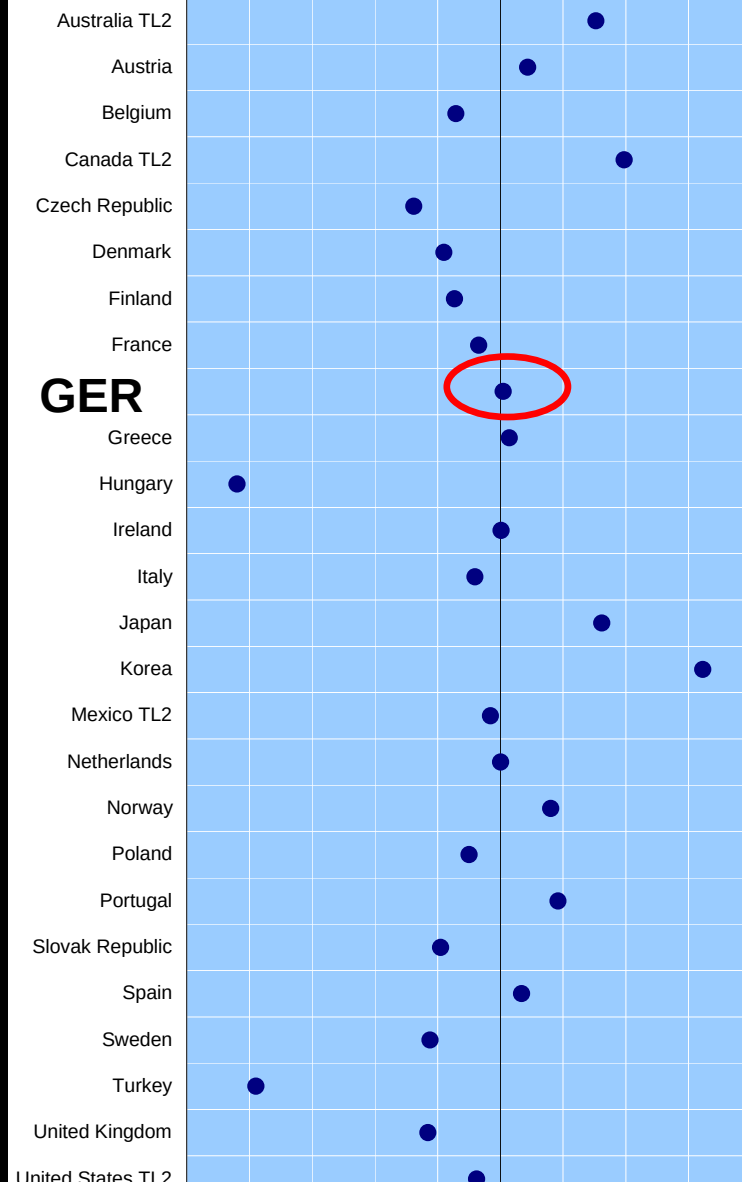
Key facts (1): rural GDP per capita

2003

● Urban ● Intermediate ● Rural



Change 1998-2003



Key facts (2): econ. structure

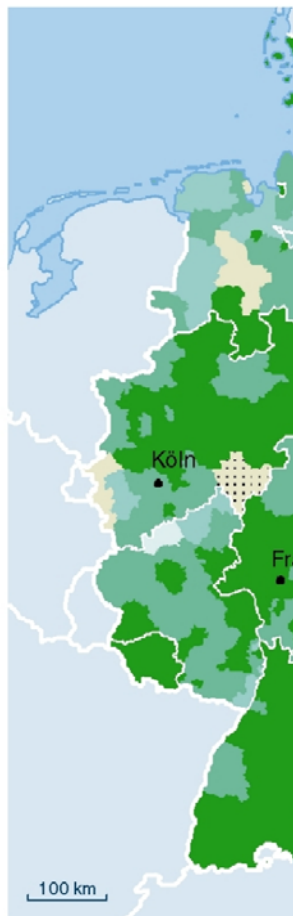
Rural similar to higher density districts

Employment by sector in rural areas	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%

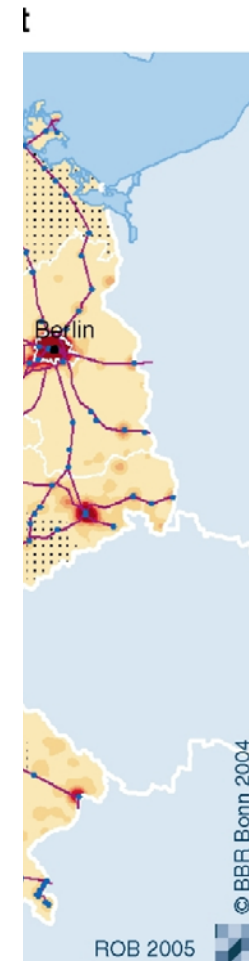
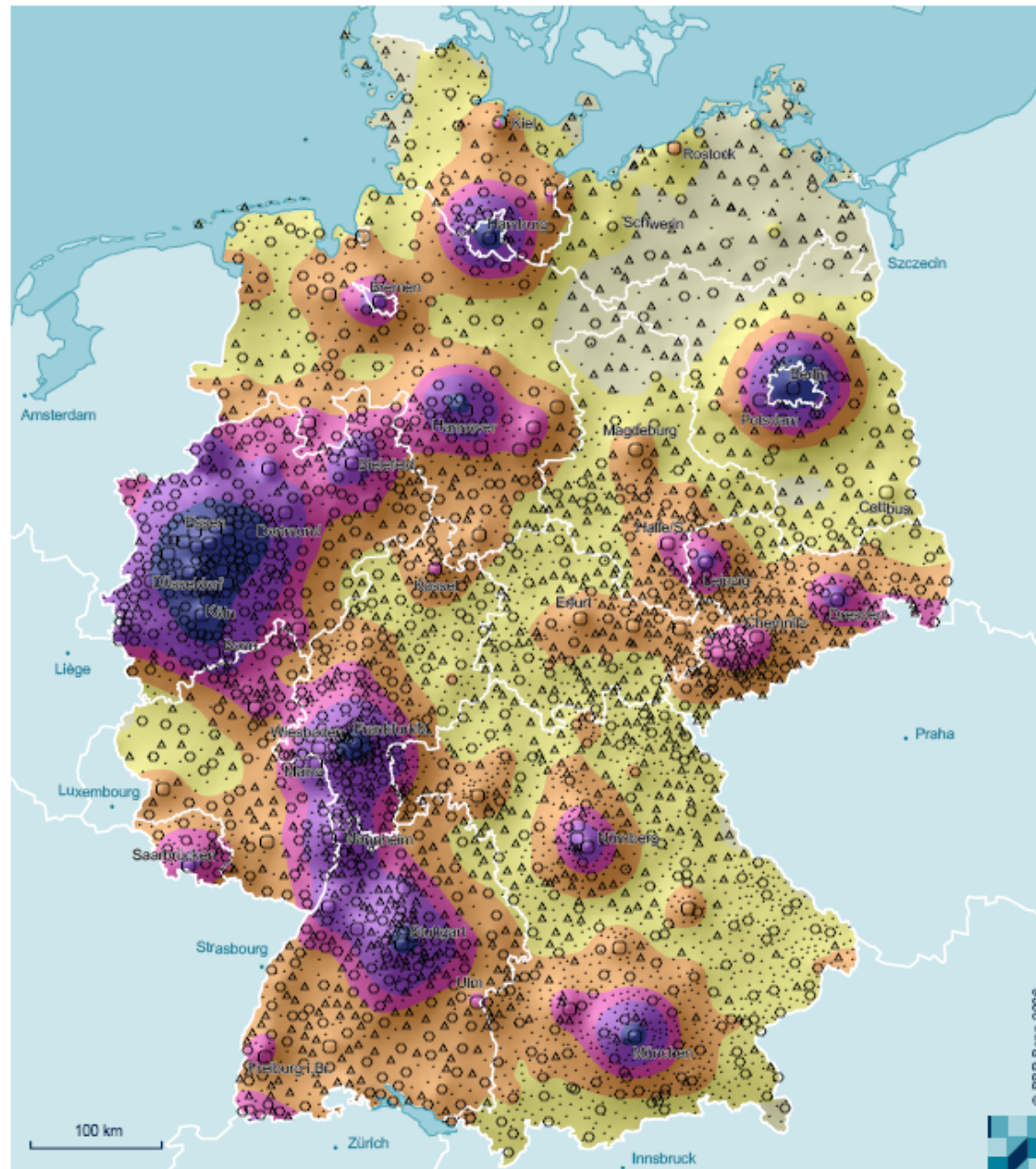
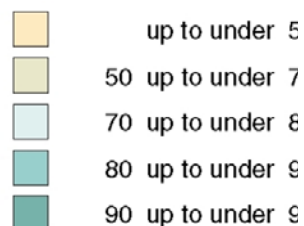
Economic sector (employment) by region type

Key facts (3): dense and connected

Public transport Urban System in Germany



Share of settlement area
with stops of public tran



t, within
, 2003 per km²

ng-distance station

ng-distance
ilway-line

© BBR Bonn 2004

ROB 2005

© BBR Bonn 2006

...however: heterogeneity

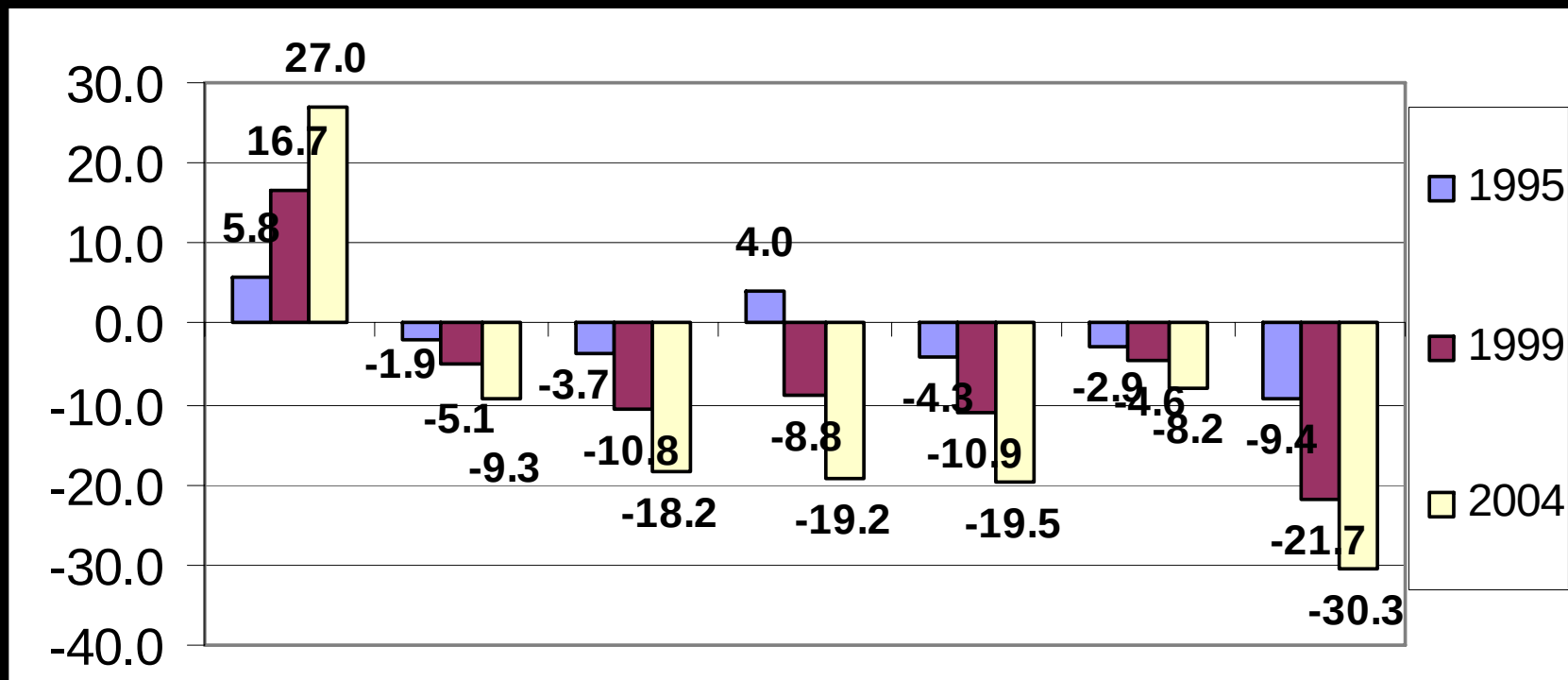
- *East-West divides*
 - *rural-urban divides*
- } *rur. unemployment (>20%)
firm starts
high-skilled workers*

... additional pressure from *external* trends

...and *internal* trends (**out-migration** and ageing)

Net migration from rural districts of 18-29 yrs olds:

annual percentage increased 5 fold (last 10 years)



Core
Cities

High density
districts

Rural
districts

Near
agglom.

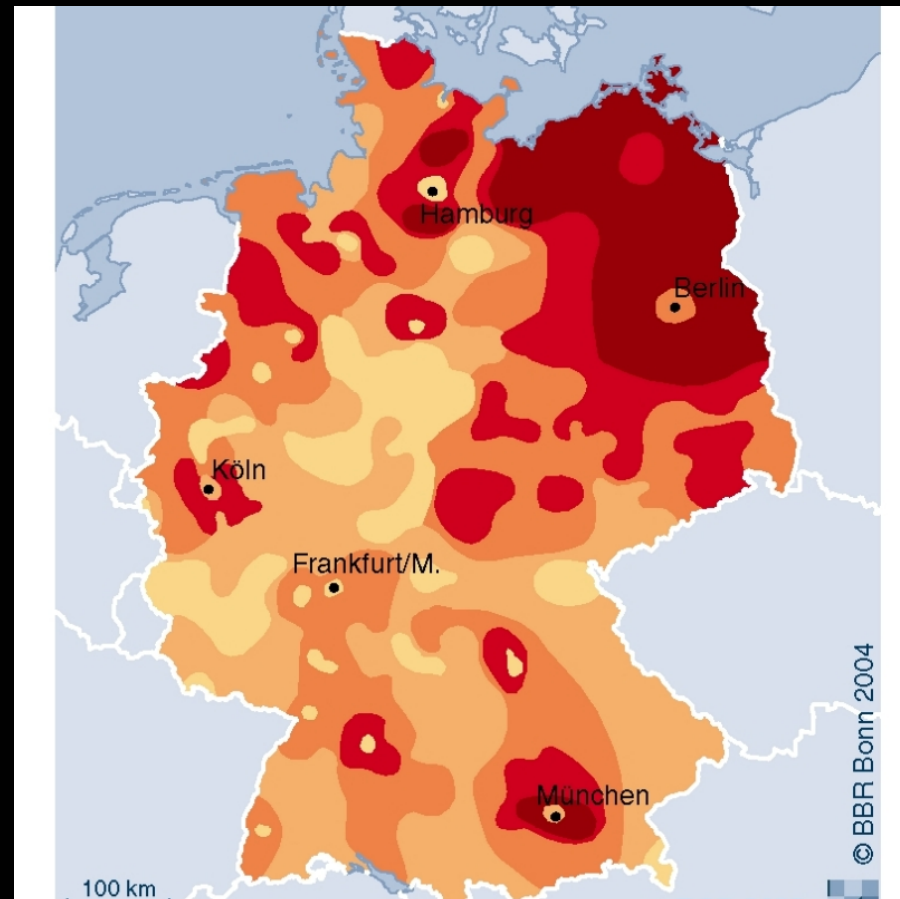
Near
Urbanised

Dense
peripheral

Sparse
peripheral

Projected increases in elderly (over 75) population

2002-2020 > 45% (west), 75% (east)



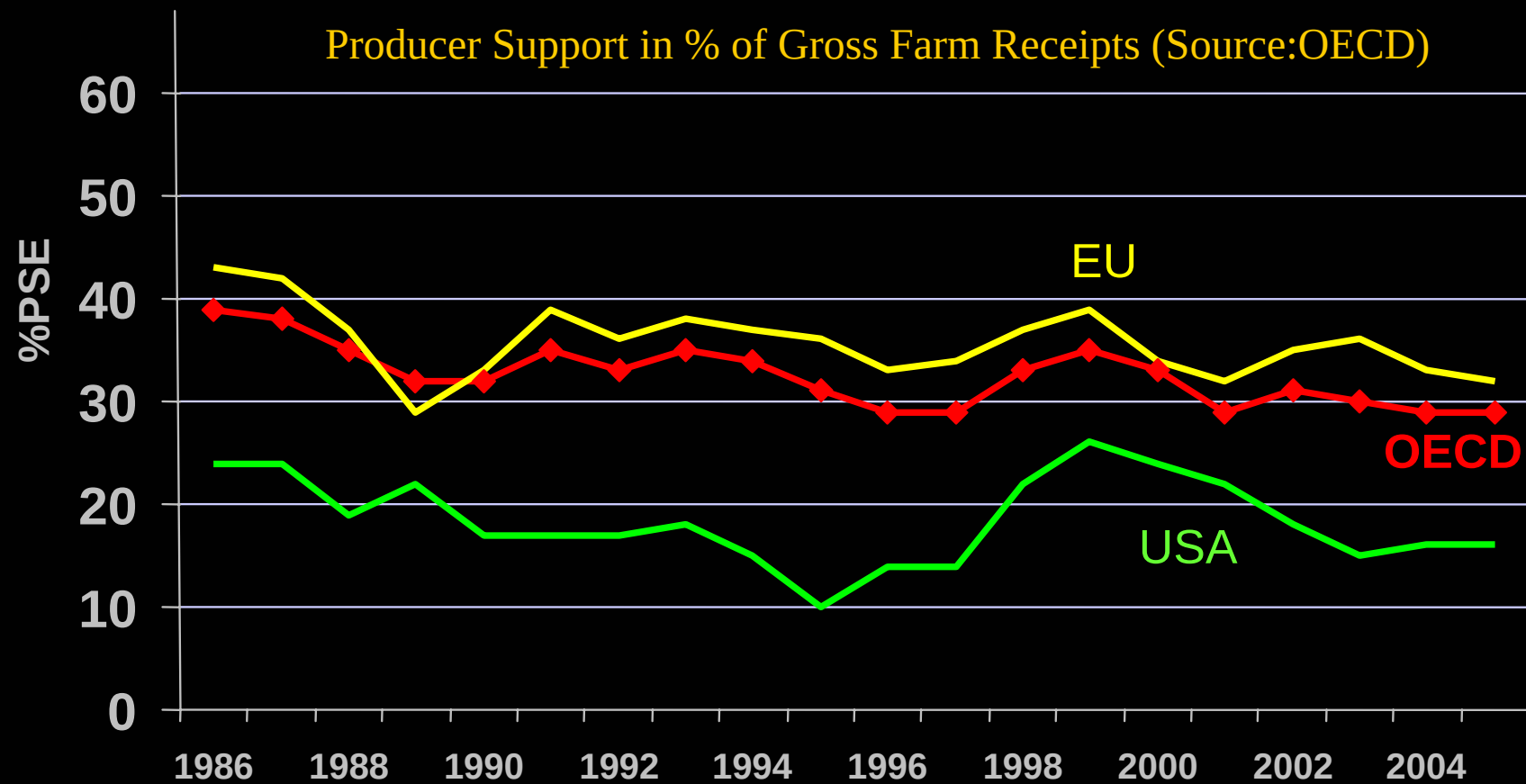
migration + ageing = service sustainability problems

So there is diversity, complexity, rapid change...

...and the governments ?

3 classical policy failures

(1) Limits and risks of agric. policy: 1,3% of OECD GDP



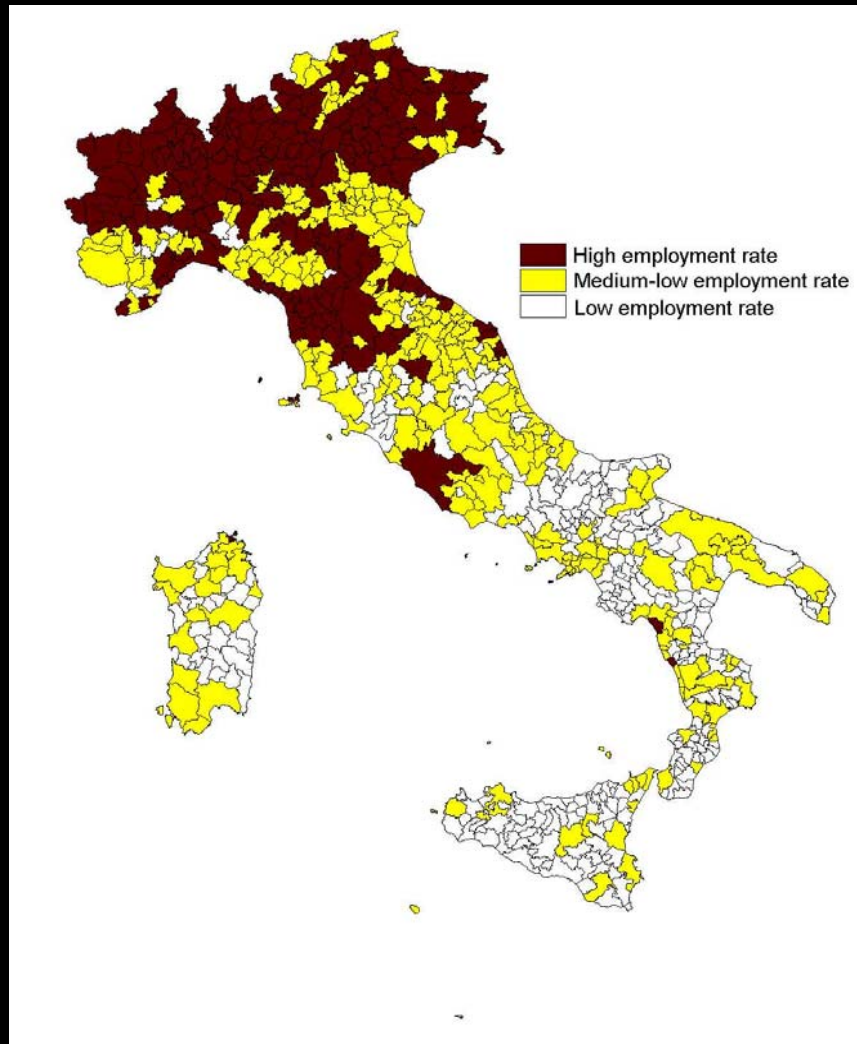
inefficient, ineffective, inequitable

“ In times of rapid change,
the last thing we want to do is to undercut our capacity
to innovate ”

A. Greenspan (OECD 2005 Rural Dev. Conference)

(2) The limits of the infrastructure-based approach

1971



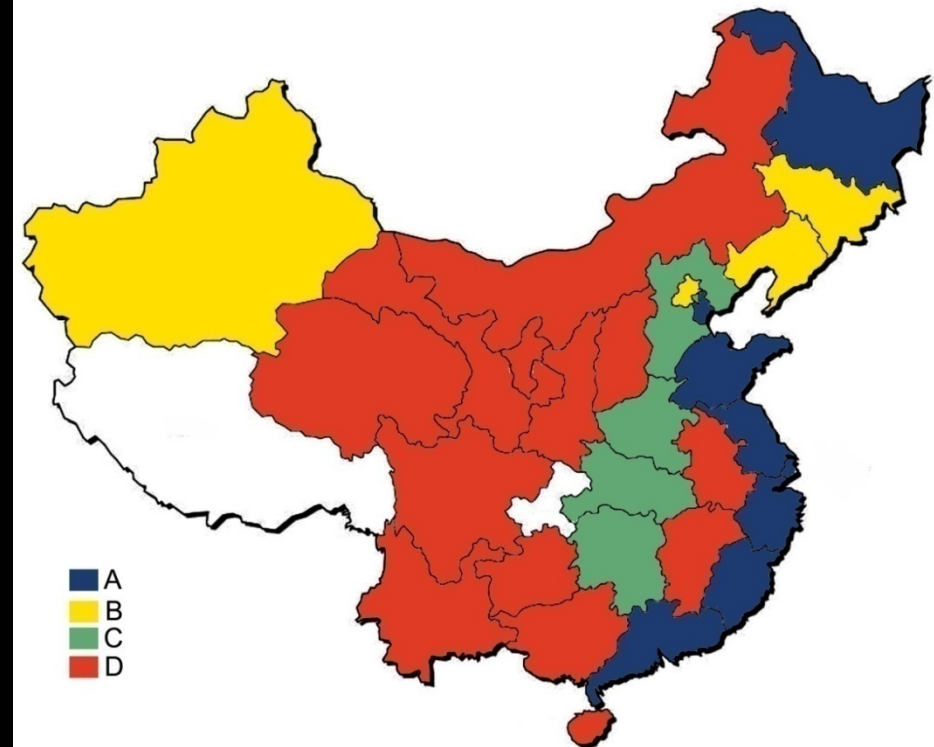
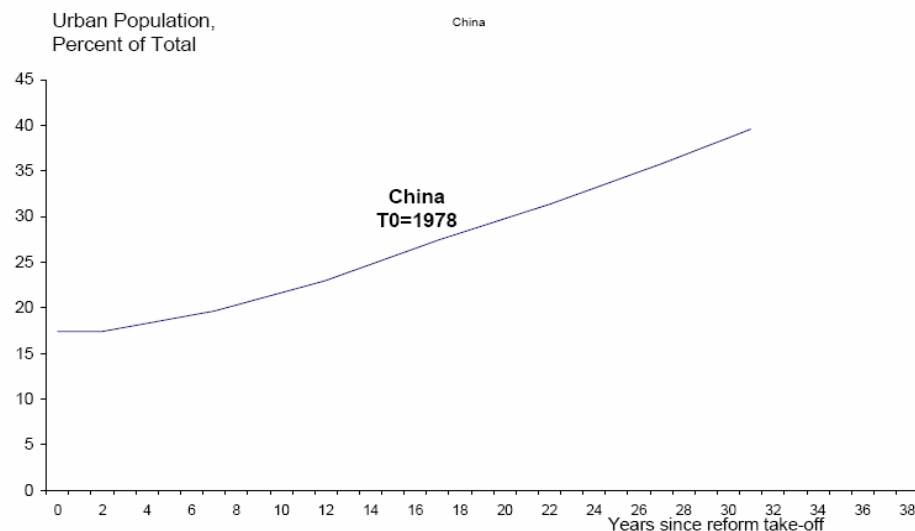
1996



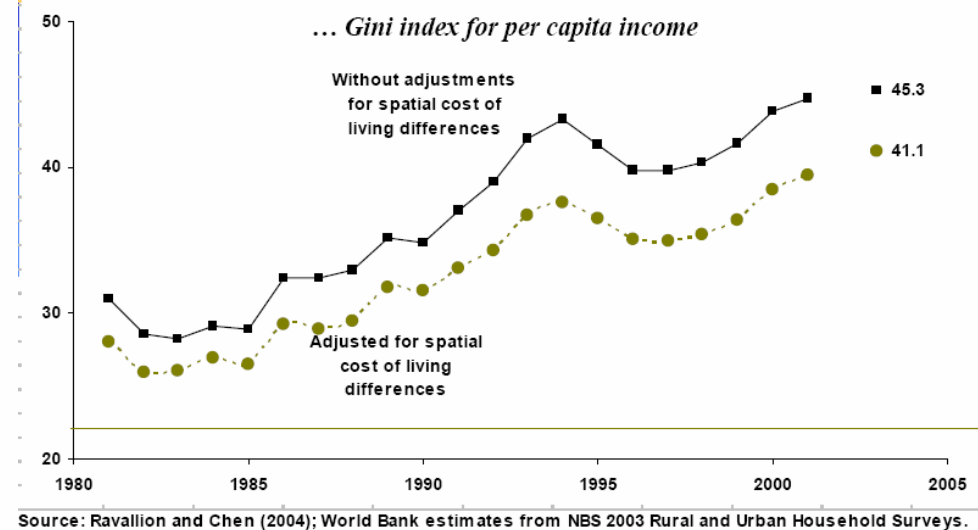
(3) The limits of the people-based (welfare) approach.:

CHINA

...urbanization

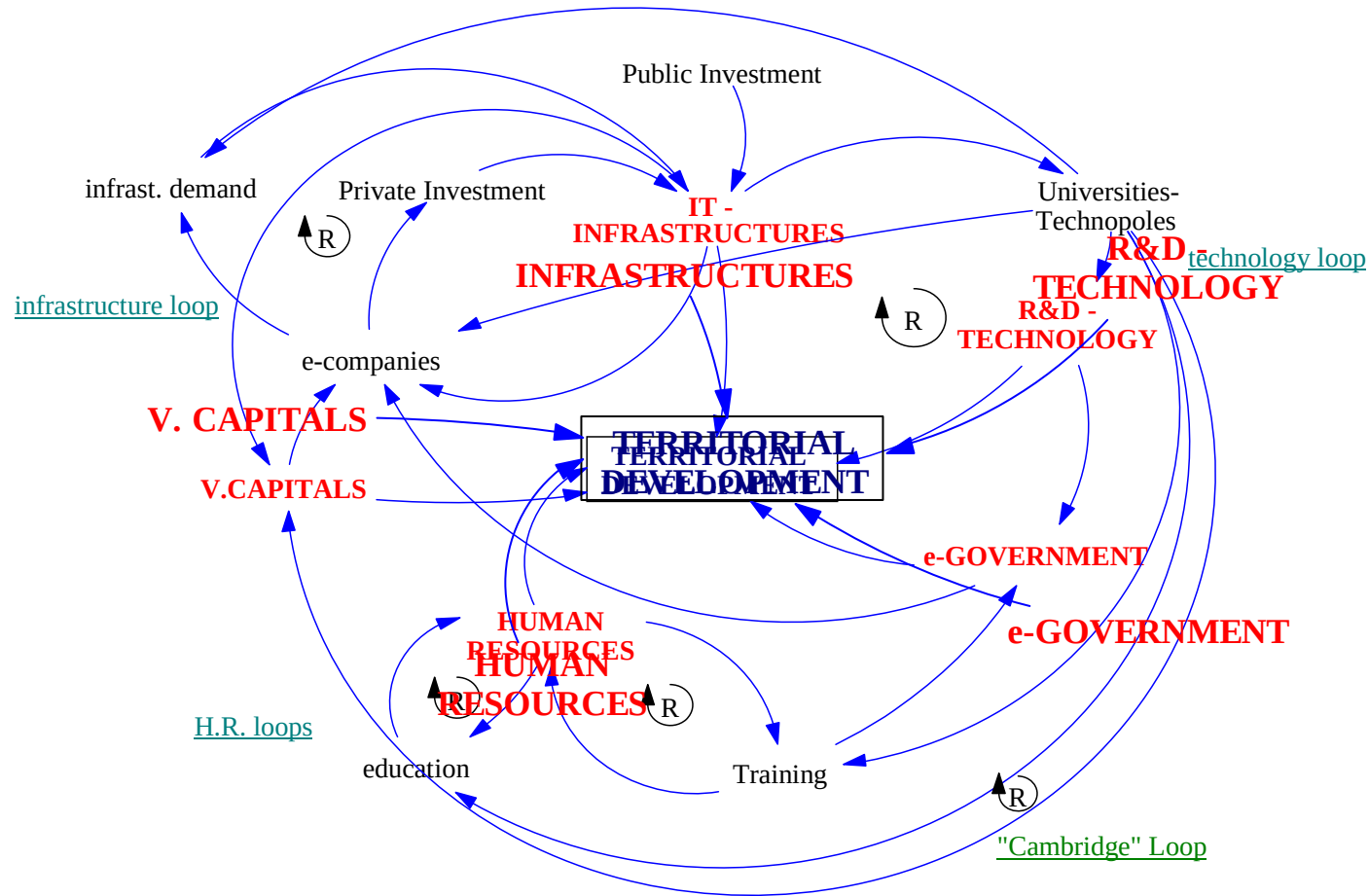


Rising Income Inequality



But so, how shall governments innovate?

Moving away from simplistic approaches



Towards a new rural policy paradigm: a lot of innovation...

In the OECD: LEADER, PITs, LSPs, Growth Agreements, Regionen Aktiv, Canadian community futures, Mexico's PDRs and microregions...

...and in developing Countries: India, Central and South America, China...

At national...and local levels: Tuscany, Basque Country, Scotland, Quebec, Extremadura ...

...some common principles...

The new rural paradigm

Old

New

Approach

sectoral

integrated

Objectives

compensation

*Competitiveness and
diversification*

Tools

financial subsidies

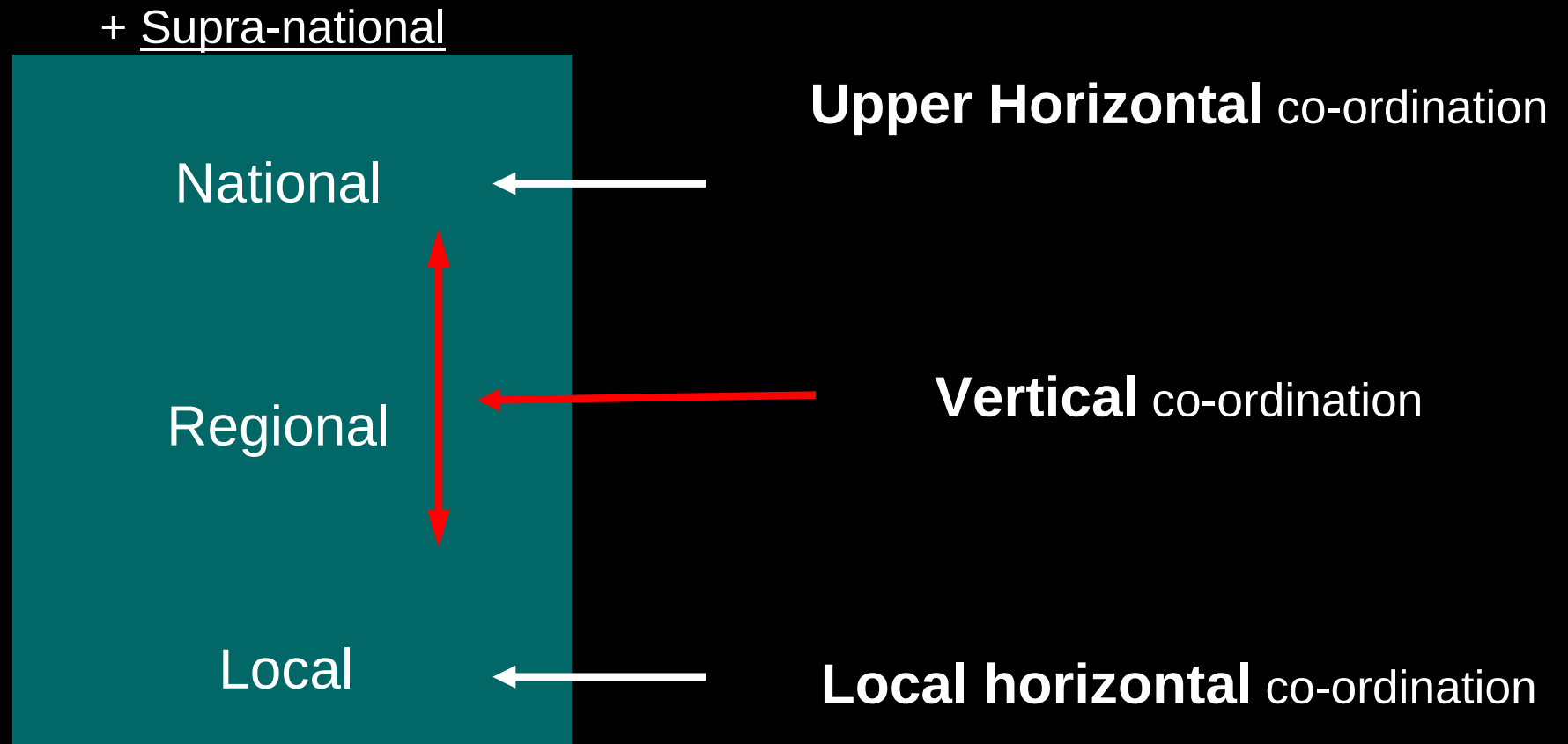
investments

Actors

central government

*multiple levels of gov.,
private sector*

Governance innovation: 3 key dimensions



Innovating at the central level

1. building an (informed) vision: objectives?
2. who should do what ?
3. cross-ministerial co-ordination ?
4. rural 'proofing' ?

...innovating vertically

1. what role for the central government ?
2. negotiation and (incomplete) contracts
3. transfers: how vs. how much, co-financing
4. monitoring & evaluation: what indicators?
5. reward & sanction: a 'culture of evaluation' ?

... and innovating locally

1. target area: functional vs. administrative
2. partnership: leadership, private actors...
3. strategy: integrated, consensus-based...

Place-tailored approach: innovative....and complex

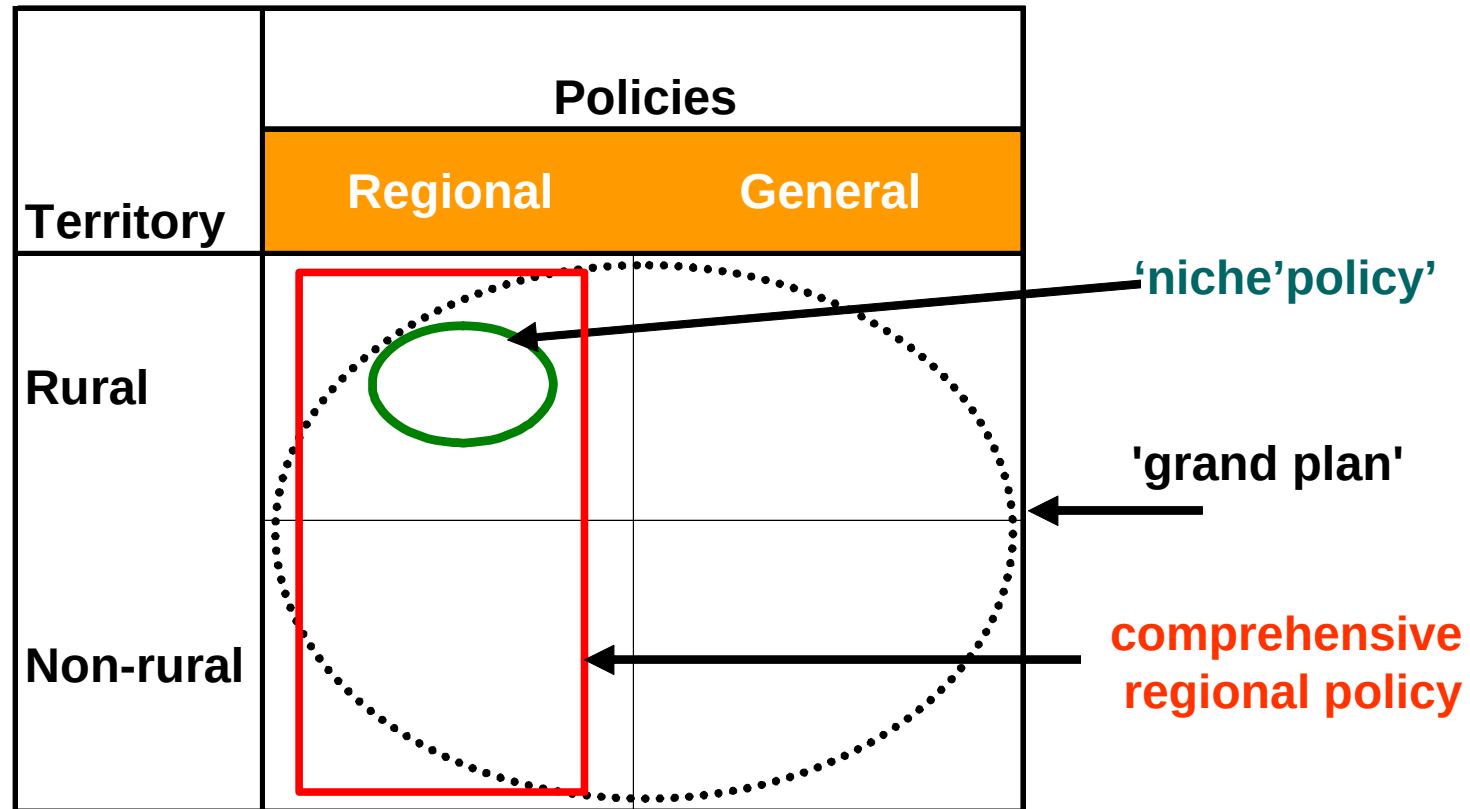
1. concentration vs. dispersion: where to invest?
2. efficiency: transaction costs and 'additionality'
3. effectiveness: how to evaluate RDPs?



need to address:

intellectual, institutional, administrative...and political gaps

But so, what place for rural (and urban) policy ?



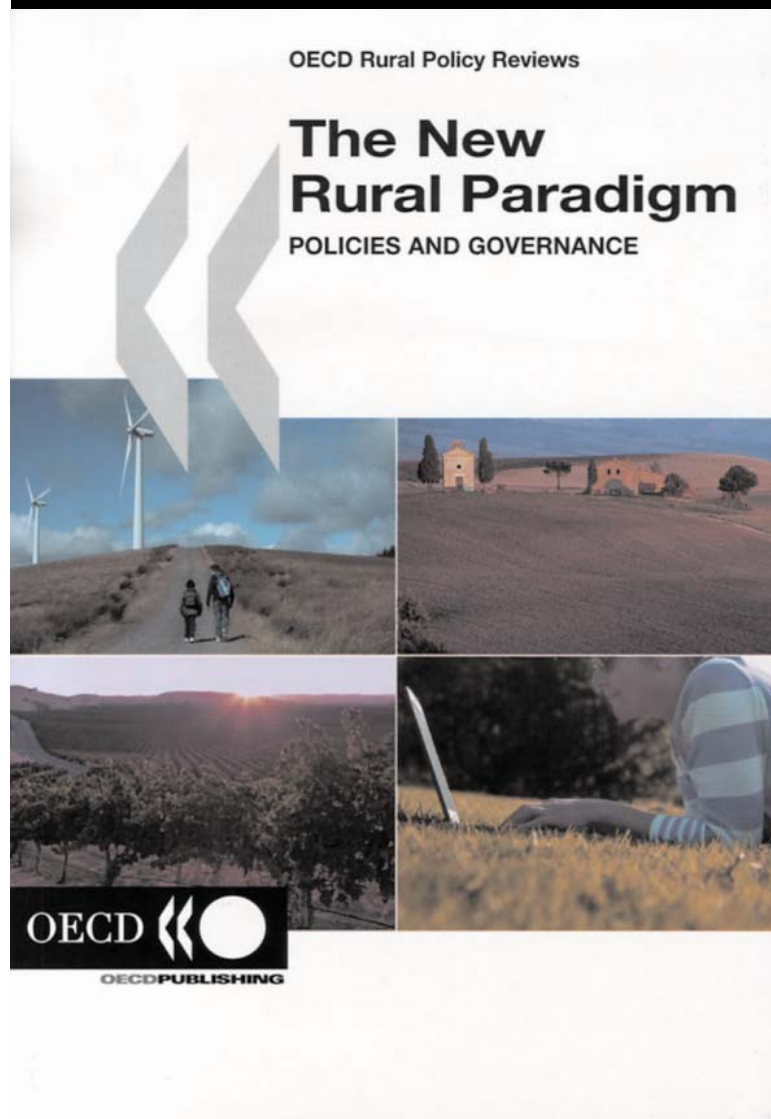
Rural and urban should be part of a coherent regional policy

Summing up

- ✓ Trends and challenges of rural areas...
- ✓ ...suggest to bet on an integrated approach...
- ✓ ...that valorises local resources and knowledge



rural areas and people = source of national development



for more information:
www.oecd.org/regional

Mark your diary !
next OECD annual
Rural Development Conference
Cologne, 3-4 April 2008