

Chair's Statement

10th OECD Rural Development Conference: National Prosperity through Modern Rural Policy

1. The 10th OECD Rural Conference, “National Prosperity through Modern Rural Policy”, was held in Memphis, Tennessee, on 19-21 May 2015.

The Conference was chaired by Secretary Tom Vilsack from USDA and gathered high-level political representatives including: Mr. Jesús Murillo Karam, Secretary for the Ministry of Agrarian, Territorial and Urban Development SEDATU, Mexico; Ms. Brenda LePage, Assistant Deputy Minister, Western Economic Diversification, Canada; Mr. Phil Hogan, Commissioner for Agriculture and Rural Development, European Commission; Ms. Mari Kiviniemi, Deputy Secretary General of the OECD; Mr. Hisao Harihara, Vice-Minister for International Affairs, Ministry of Agriculture Forestry and Fisheries, Japan; Mr. Lee Seung Ho, Deputy Minister for Land, Ministry of Land, Infrastructure and Transport, Republic of Korea; and Mr. Marcelli Niezgoda, Deputy Minister, Ministry for Infrastructure and Development, Poland.

A large number of other official representatives of OECD governments, international rural constituencies, academics, and stakeholders actively participated in the Conference.

A New Rural Narrative

2. The Conference highlighted that in OECD countries, the term “rural” is synonymous with unharnessed potential for growth. Agriculture and natural resources remain important in some regions, but many rural regions are diversifying their economies to include manufacturing and services.
 - a. Rural areas are home to one-fourth of the population and generate one-fifth of gross domestic product (GDP) across OECD countries.
 - b. As policy makers consider strategies to encourage national economic growth, they should draw on the growth potential in rural areas, recognising that due to lower population density and other attributes specific to rural places they face challenges that are different than those of urban areas.
 - c. Technological innovation, increasing labour productivity, and international openness have provided new business opportunities to rural dwellers. Not only do rural places provide the vast majority of food, energy, and environmental services in most OECD countries, they are also a growing source of manufacturing and service sector production.
 - d. Most rural communities work regularly with both small and large neighbouring urban centres. These linkages are usually due to economic interactions, and in some

cases are supported by governance arrangements. In particular, rural-urban partnerships can help manage common public goods and scale up public services and investment.

- e. The Conference highlighted the importance of building a modern, evidence-based, understanding of rural places that better reflects the 21st Century reality of life and the drivers of rural economies.
- f. The OECD New Rural Paradigm, introduced 2006, has provided a broad framework for policy makers to respond to these emerging trends and challenges. Many OECD countries have now adopted the basic tenets of the Paradigm. This shift has been accelerated by: a sharp reduction of public funds, making it increasingly difficult to finance needs specific to a given rural constituency; qualitative and quantitative evidence that an inclusive approach to development yields better economic results; and increased awareness by policy makers of the approach.

Prosperity for All

3. Making rural communities more resilient requires an approach to rural development policy that is tailored and specific to the attributes, resources, and priorities of the place. Features such as low population density, physical distance, population decline and aging, and limited diversity in economic structures all expose rural communities to economic shocks. For this reason, rural policy should be an important part of any national strategy promoting inclusive growth.
 - a. Job losses in rural communities tend to be structural and can be difficult to recoup. The Conference illustrated that rural economies can achieve solid economic performance over the medium and long run, but some rural communities are particularly vulnerable to economic downturns; this is especially the case in historically under-resourced and high-poverty places.
 - b. Rural communities are not all the same. They face different challenges and opportunities depending on their natural assets, regional accessibility and proximity to large urban centres, for instance. Therefore, rural policy should be flexible enough to take these differences into account so as to tailor actions to local conditions.
 - c. Rural economies performing below their potential is a lost opportunity for national economic growth. The Conference provided evidence about how improving rural performance helps cities and national economies, as a whole.
 - d. Investments in young people, through programmes such as early childhood education, are especially important to the future of rural places because most people who live in rural places as adults were born and raised in rural places. Investing in rural children today ensures that the individuals have an opportunity to escape the trap of poverty and succeed so they that have the ability to contribute to the success of the rural community and national economy, in the future. This may also represent a policy response to ageing and demographic decline in rural areas.

4. The Conference also demonstrated that national prosperity does not depend solely on economic indicators such as GDP, but rather on a broad range of factors contributing to people's well-being in their communities.
 - a. Participants agreed that the focus of public policies should be to improve citizen well-being. Participants also stressed the importance of having regional indicators of well-being due to the wide variation of regional performance within OECD countries. Multidimensional indicators are particularly relevant for rural areas as they take into account factors related to environmental quality and social interactions, in addition to drivers of competitiveness.
 - b. Public policies should promote policy implementation and complementarities to improve well-being in rural communities. Policies across levels of government should be more integrated and compatible. Additionally, national governments should work to co-ordinate the delivery of these programs. The Conference shed light on the importance of policy "packages" to coordinate sectoral policies on infrastructure, human capital and innovation capacity, for example. These factors would enhance the capacity of a given rural region to better target public investment so as to leverage private investment.

Implementing the New Rural Policy

5. Rural stakeholders participating in the Conference recognised the value of the OECD New Rural Paradigm as a policy framework to promote rural development and encouraged OECD governments to implement policies accordingly.
6. The New Rural Policy's first and foremost objective is to improve the well-being of all rural people. As well-being is multidimensional, the policy encompasses a broad range of actions that aim to:
 - a. Leverage private investment, mobilise skills, and capitalise on local assets. Policy should serve rural entrepreneurs and businesses, in particular SME's by recognising their importance, by supporting their potential, and by helping them connect with national and international value chains;
 - b. Provide rural citizens with national policy frameworks that they can adjust to the opportunities and needs of their regions. This to generate rural leaders, new visions, and place-based strategies.
 - c. Implementation depends on the quality of governance arrangements. The OECD's Principles of Effective Public Investment across Levels of Government offer guidance here. They emphasize a need for greater capacity of local and regional leaders. They also highlight the importance of complementarities across different policy sectors that have significant impacts on rural places. Local, regional and central governments also need effective tools to work better together.
 - d. Promote environmental sustainability and resilience. Landscape, natural amenities, quality of air and water, climate change mitigation and adaptation, are all central in the new policy framework which promotes sustainable rural growth.

- e. Connect and interface rural and urban communities to make the most of their common regional assets and facilitate the provision of public goods;
 - f. Provide indigenous communities with the possibility to thrive in their territories and cultural settings and shield rural children from poverty and exclusion, by ensuring their access to key public goods and support.
7. The Conference also illustrated the benefit of international policy dialogue rooted on sound evidence which facilitates common learning and sharing of good policy practices. Such a dialogue should include a larger number of rural constituencies to better reflect regional economies and social structures.
 8. Rural stakeholders from around the world gathered at the Conference acknowledged the role of the OECD Rural Development Programme in promoting an integrated, place-based approach to rural development over the past decade. They called the OECD to:
 - a. Support the collection of data on well-being in rural regions on an international comparable basis.
 - b. Identify best practices to identify and tailor policies on different types of rural regions in particularly for strengthening the rural-urban linkages.
 - c. Work with national and international networks of rural development to facilitate the sharing of policy experiences.

Concluding Remarks

In summary, the Conference focused on the importance of rural areas to the national economy, the need to ensure that all citizens have an opportunity to succeed, and the wisdom of implementing rural-specific policies that are sensitive to the realities specific to rural communities. The Conference concluded by encouraging the OECD and its member countries to continue to innovate in the design and delivery of rural development policies, using evidence-based policies.

This is the way to achieve national prosperity through modern rural policy.