GETTING TO SERVICES IN
TOWNS AND **VILLAGES**

PREPARING **REGIONS**
FOR **DEMOGRAPHIC** CHANGE

OECD

Getting to Services in Towns and Villages

Preparing Regions for Demographic Change
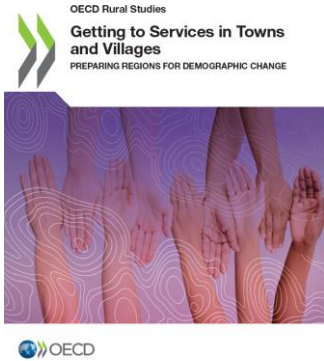
POLICY HIGHLIGHTS

ABOUT THE OECD

The OECD is a multi-disciplinary inter-governmental organisation with member countries which engages in its work an increasing number of non-members from all regions of the world. The Organisation's core mission today is to help governments work together towards a stronger, cleaner, fairer global economy. Through its network of specialised committees and working groups, the OECD provides a setting where governments compare policy experiences, seek answers to common problems, identify good practice, and co-ordinate domestic and international policies. More information available: www.oecd.org.

ABOUT THE CENTRE FOR ENTREPRENEURSHIP, SMEs, REGIONS AND CITIES

The Centre helps local, regional and national governments unleash the potential of entrepreneurs and small and medium-sized enterprises, promote inclusive and sustainable regions and cities, boost local job creation and implement sound tourism policies. More information: www.oecd.org/cfe/.

This document is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

The document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

|	
OECD Rural Studies **Getting to Services in Towns and Villages** PREPARING REGIONS FOR DEMOGRAPHIC CHANGE (O))OECD	**The full book is accessible at:** Getting to Services in Towns and Villages: Preparing Regions for Demographic Change, OECD Publishing, Paris, https://doi.org/10.1787/df1e9b88-en. **Contact:** Ana Moreno Monroy, PhD Head of Territorial Analysis and Statistics Unit, Economic Analysis, Data and Statistics Division, Ana.MORENOMONROY@oecd.org

Policy highlights

The provision of services in a settlement – city, town or village – depends on its population, its geographic position and size relative to other settlements, and on how it is served by road and public transit networks. Demographic changes such as urbanisation, ageing and population declines in rural areas increase the urgency with which policy makers need to understand how physical access to services varies across places.

In this report, **settlements** are classified based on their population into: cities (larger or small), towns, or villages. They are further classified by how far they are away from a city and as **regional centres** if they are the largest settlement within 30 minutes driving (Figure 1).

Figure 1. Settlement classifications
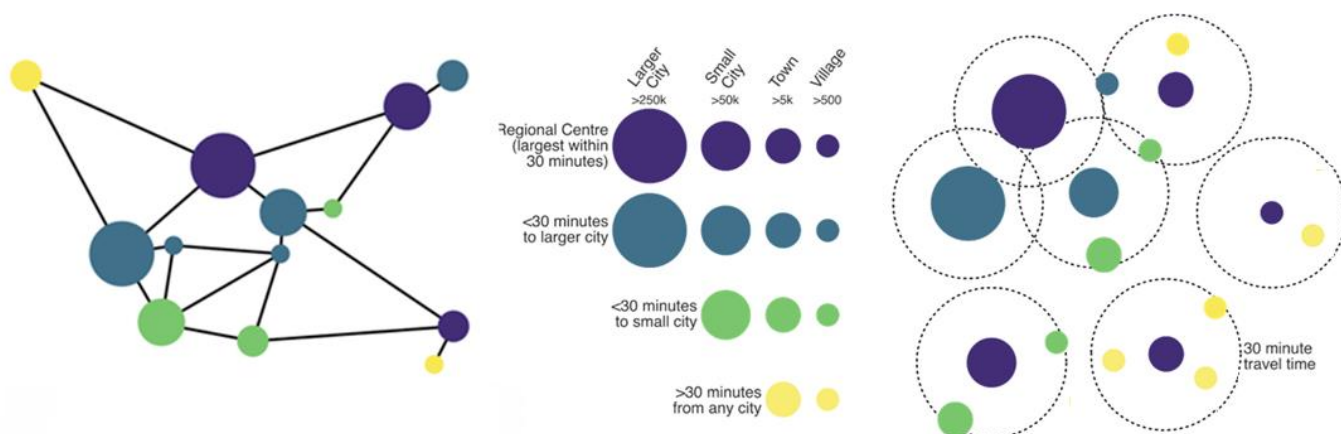
Local services are important even in small, remote places

Evidence suggests that people in rural areas are more dissatisfied with service provision compared to more densely populated places (Figure 2). This may reflect longer travel times, lower breadth or lower quality of services, or any combination thereof. While electronic service delivery is highly promising, it cannot replace in-person services.

**Figure 2. Dissatisfaction with services, by type and degree of urbanisation**

Share of people reporting to be dissatisfied (in percent, average of OECD countries)
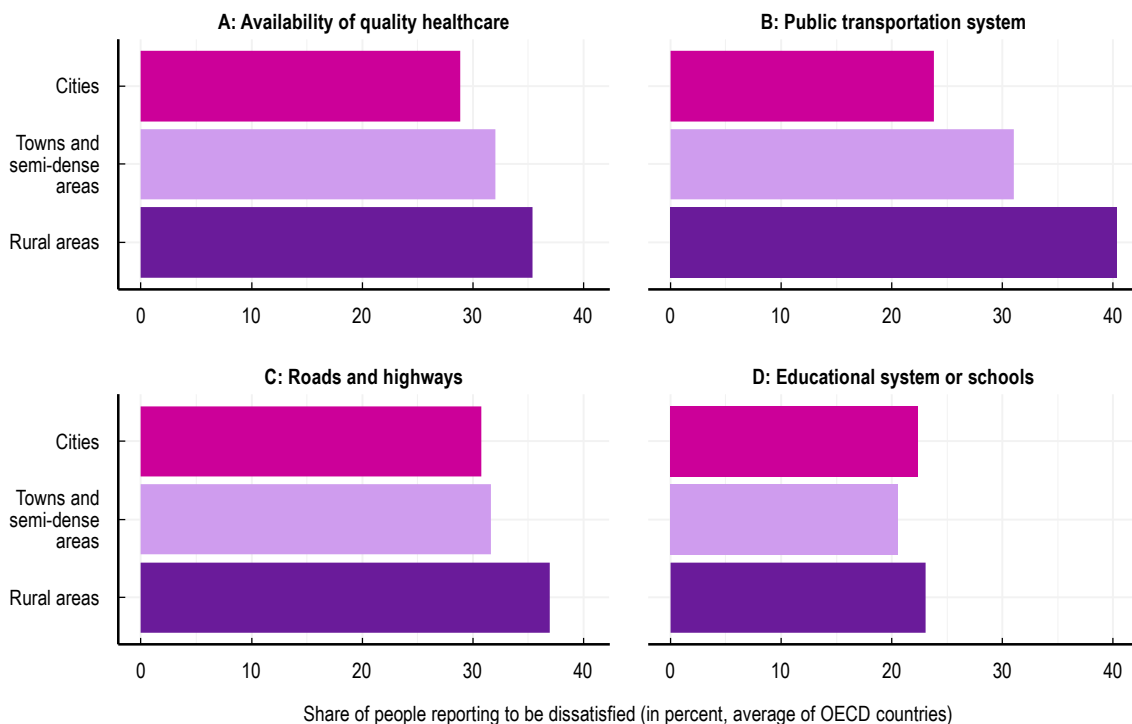
Source: Authors'calculations based on Gallup 2022 survey data, https://www.gallup.com/home.aspx.

The exact mix of offered services varies across settlements and countries. Many villages and towns provide a limited range of local services (Figure 3). The most common services in small settlements include pharmacies, schools and restaurants.

Figure 3. Prevalence of services relative to settlement population
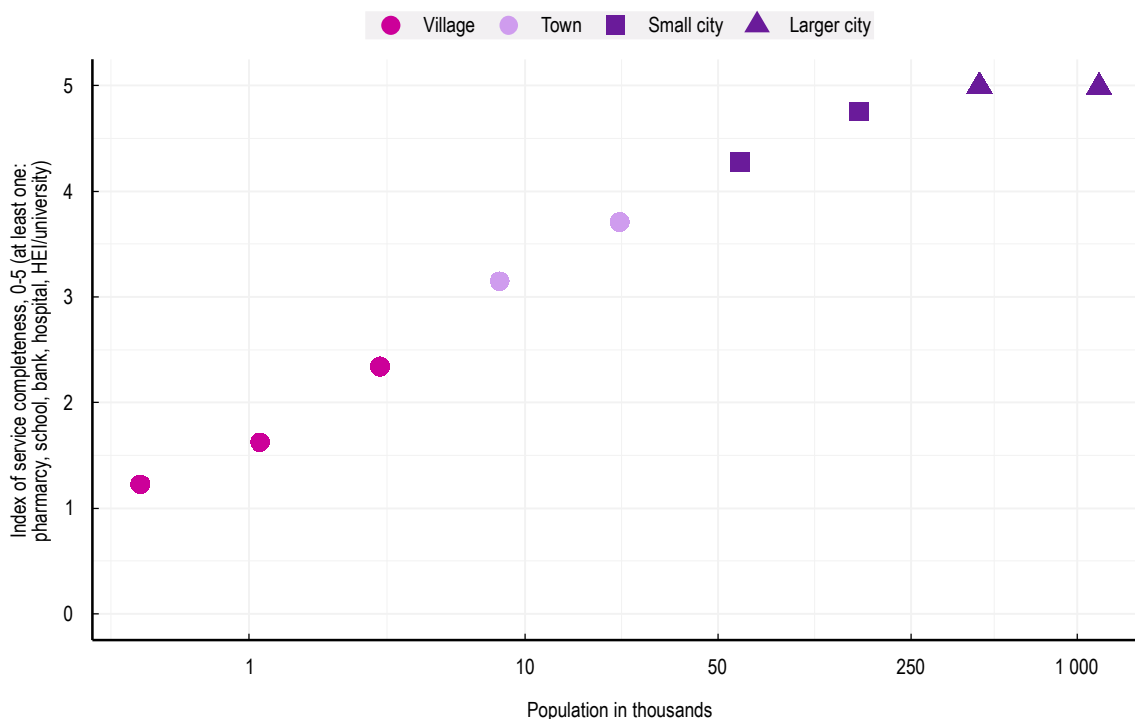
Note: Each dot averages settlements by population increments over 25 countries with available data.

Only larger cities tend to offer **the full range of services** considered in this study (banks, hospitals, pharmacies, schools and universities). While larger cities offer a comprehensive range of services, in many regions, access to some services depends heavily on small cities and towns.

For example, in South Korea (a highly urban country) almost half of small cities are the largest settlement within 30 minutes, and a similar number of towns are the largest settlement within 15 minutes.

Service provision is higher in towns and villages far from cities, even more so when they are regional centres

Towns that are far from cities have more services. This is particularly true for towns that are regional centres (with no city or larger town nearby). Villages that are far from cities also typically have higher levels of service provision than those with access to a city, but the effect is marginal unless the village is a regional centre (Figure 4). There is a significant boost to the availability of everyday, common services in villages that are regional centres.

Figure 4. Probability of having a hospital in towns and villages, by access to a city
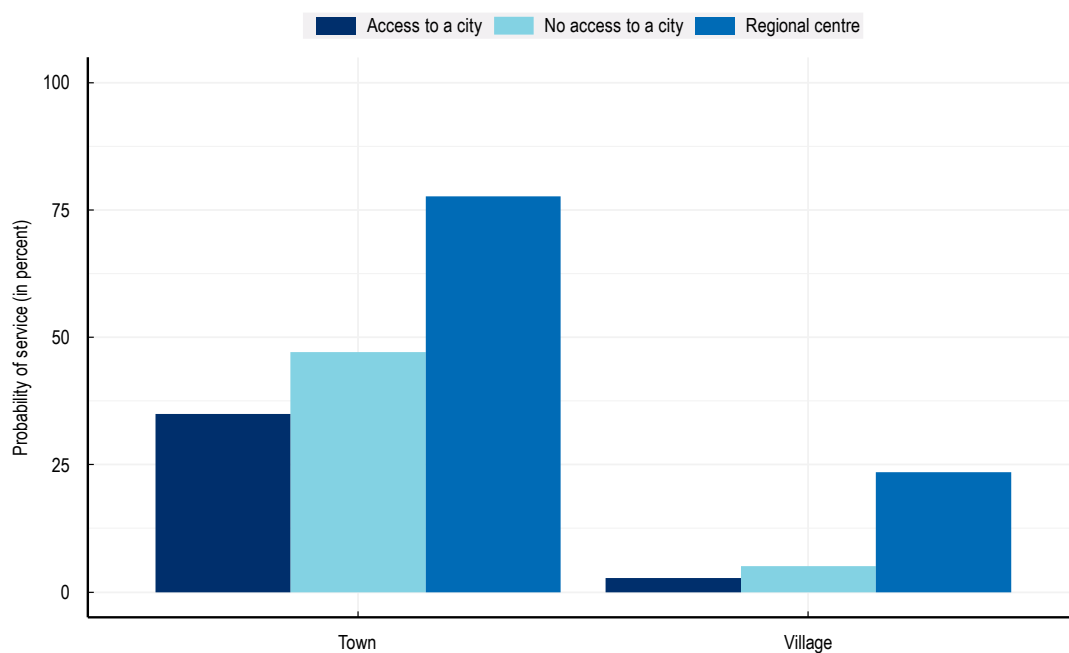
Source: Based on simple averages of country-specific estimates for towns of 10 000 inhabitants and villages of 1 000 inhabitants. Towns and villages "With access" to a city are within a 30-minute drive of its borders. A town or village with "No access to a city" is classified as a "Regional centre" if it is the largest settlement within a 30-minute drive.

Residents of towns or villages near cities can access the city's services and employment opportunities while avoiding some of the negative effects of urbanisation such as costly housing and congestion. Most of these towns or villages with access to a city offer fewer services than similar-sized settlements far from cities.

Services that are mostly public, such as schools, seem to be allocated more evenly across space, whereas fully commercial services such as banking have a much larger presence in regional centres.

Residents need regular access to services such as pharmacies or banking, but it is common for these to be unavailable in villages (Figure 5)… although this improves when a village is far from a city.

Figure 5. Variation in the provision of pharmacies and banks across settlements, by country
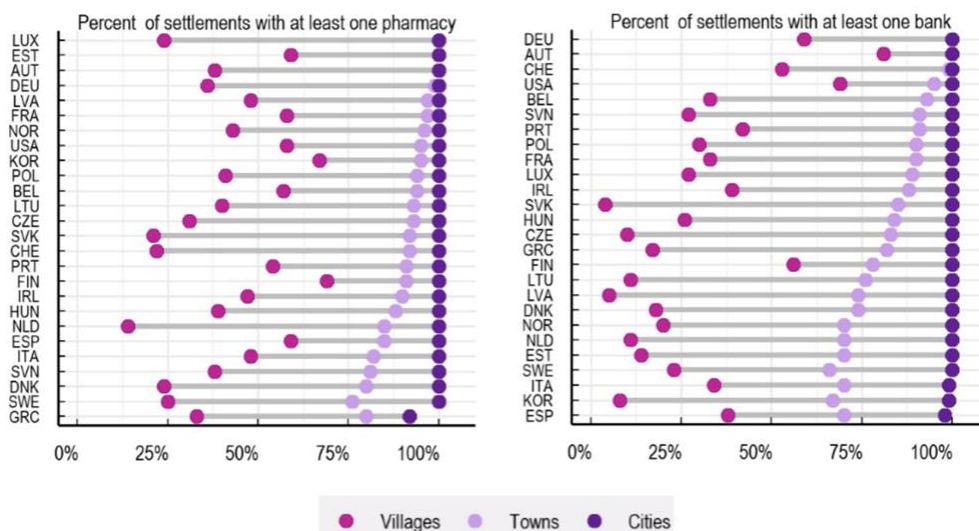
In some sparsely populated countries, even small villages may be regional centres and hence critical to service provision (Figure 6). Because of this, adequate service provision in smaller settlements is vital, particularly for residents with limited mobility and for those in regions without larger cities.

Figure 6. Share of villages that are regional centres

Percent of villages
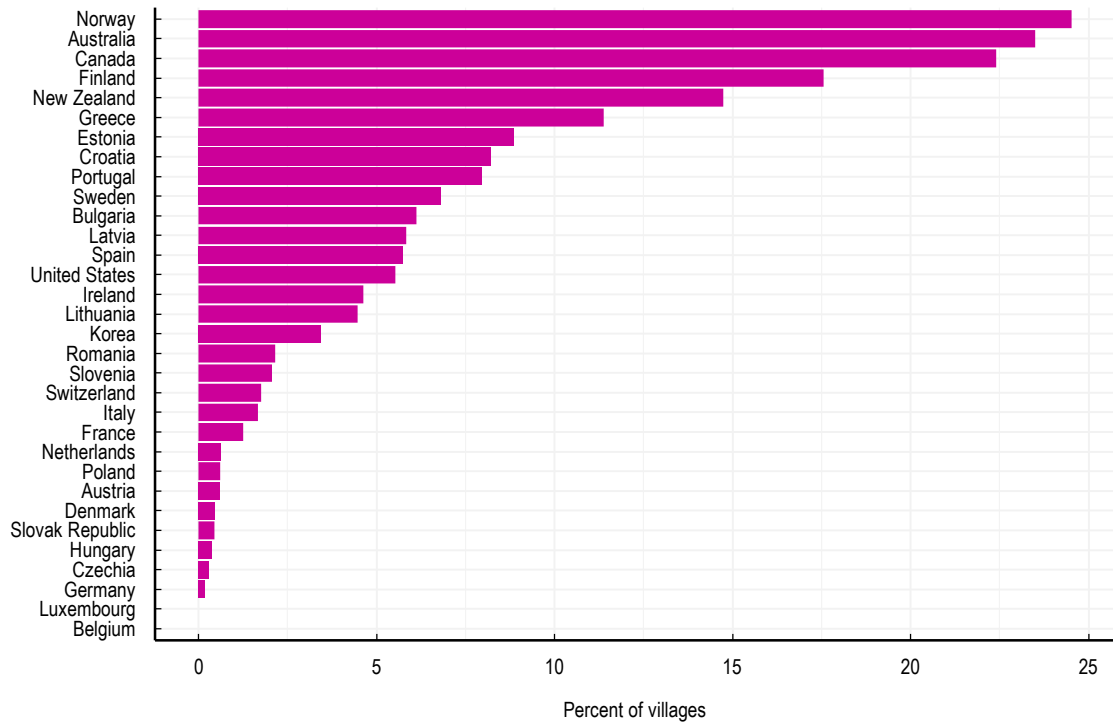
Note: A settlement is classified as a "Regional centre" if it is the largest settlement within a 30-minute drive.

For towns, better public transport is associated with better service provision…

Transport connectivity matters for the accessibility of services. Better (public) transport connectivity to regional centres, towns and cities can help promote access to services for everyone.

Towns with efficient **public transport** also tend to have more service outlets. The situation for villages is less clear, with efficient public transport around villages not associated with any improvement in their service provision.

Figure 7. Example of public transport and road networks for towns and villages around a small city
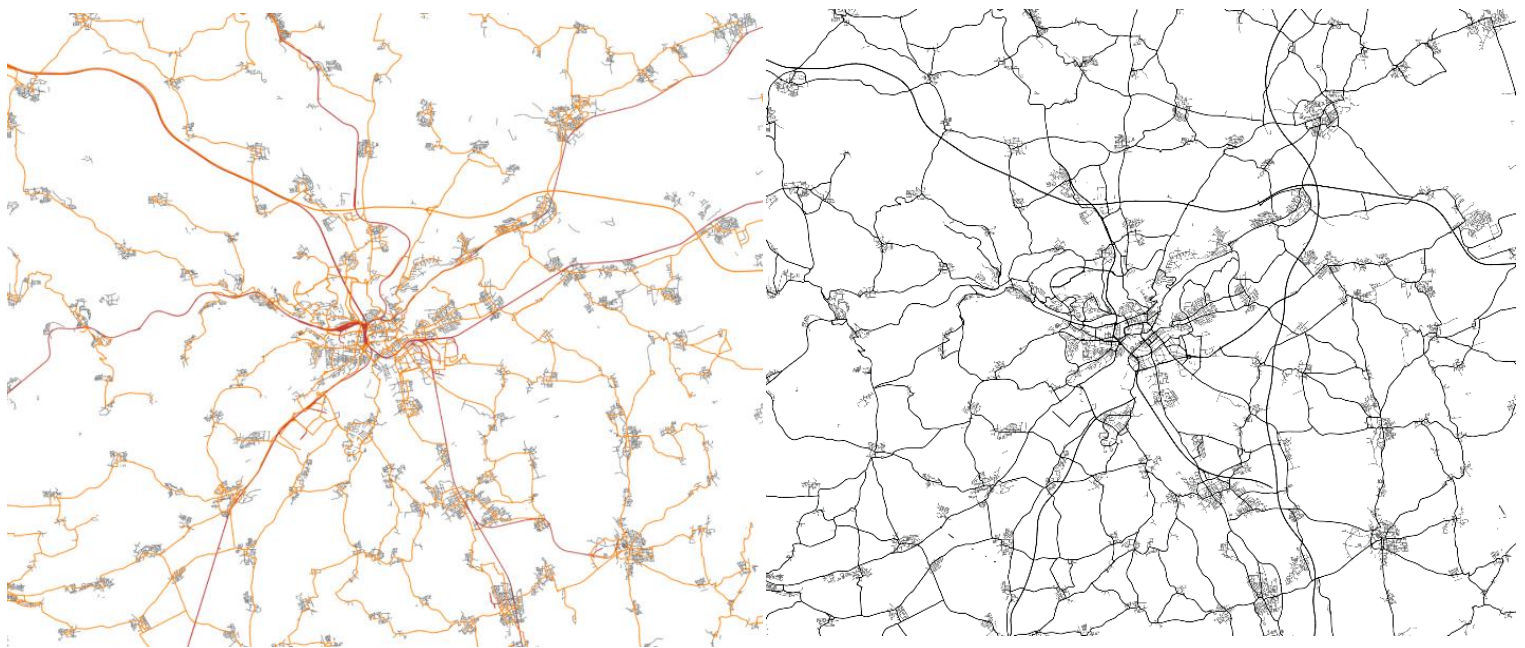
Better road connectivity does not necessarily increase local services: towns and villages tend to offer fewer services where **road transport** dominates. Instead of getting to smaller towns and villages more quickly, drivers may bypass them and travel farther distances to cities that offer more services (Figure 7). This finding is tentative and requires more detailed investigation of consumer behaviour.

The concentration of population in and around cities affects service provision everywhere

Across OECD countries, population continues to concentrate in larger cities. Large cities in Europe are nearly 5% more populous in 2021 than in 2011, but 44% of towns and 48% of villages lost population. These losses are most pronounced in eastern Europe where well over half of all midsize settlements (small cities and towns) lost population.

Meanwhile, towns and villages *near cities* have been growing even faster than cities (Figure 8), implying that even towns and villages can contribute to urbanisation, interpreted as more population in and near larger cities. The population trends shown in Figure 8 can make it difficult to provide a wide range of services, especially for towns and villages far from cities.

Figure 8. Population changes by access to a city

Annual growth rates, 2011–21
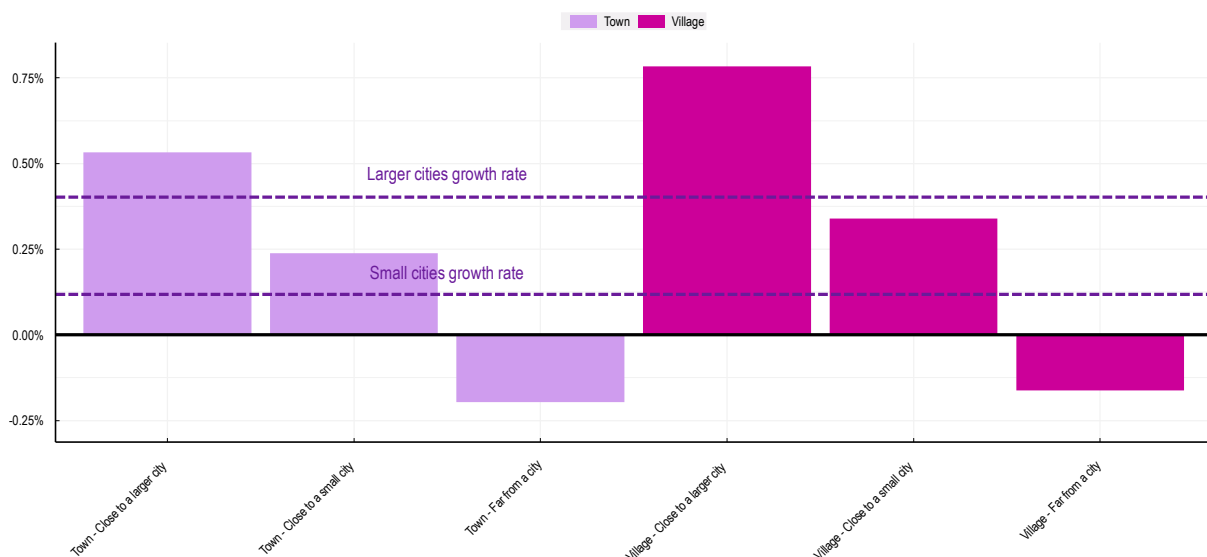
Note: Growth is computed as compound annual growth rates for the period 2011–21. Values exclude settlements that did not exist in 2011.

Changes in service provision alone are unlikely to reverse the prevailing megatrend of urbanisation. Even so, careful attention to service provision and accessibility can improve well-being by making more places more liveable for more people. Transport connectivity to larger places is valuable for access to services. Yet there is also a need for services in small places that are more accessible to older individuals and those with social disadvantage or disabilities. Balancing these competing needs will be vital to the future liveability of settlements of all sizes.

For more information:

www.oecd.org/cfe

✕ @OECD_local   in @OECD Centre for Entrepreneurship, SMEs, Regions & Cities

OECD